

**CITY OF CLINTON, OKLAHOMA
CLINTON, OKLAHOMA**

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2022**

**THE CITY OF CLINTON, OKLAHOMA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022**

	<u>Page</u>
LIST OF PRINCIPAL OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-13
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	14
Statement of Activities	15-16
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position	24
Notes to Financial Statements	25-47
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, & Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund Schedule of the City's Proportionate Share of the Net Pension Liability- Oklahoma Police Pension Retirement System	48-49
Schedule of the City's Proportionate Share of the Net Pension Liability- Oklahoma Fire Pension Retirement System	50
Schedule of Change in the City's Net Pension Liability & Related Ratios- Oklahoma Municipal Retirement Fund	51
	52
INTERNAL CONTROL AND COMPLIANCE INFORMATION:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	53-54

CITY OF CLINTON, OKLAHOMA
YEAR ENDED JUNE 30, 2022
LIST OF PRINCIPAL OFFICIALS

MAYOR
David Berrong

COUNCIL MEMBERS
Ernesto Villanueva
Ernie Dowdell
Patch McComas
Art Lloyd

CITY MANAGER
Robert Johnston

CITY CLERK
Amy Jones

CITY TREASURER
Debra Blanchard



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Clinton, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Clinton, Oklahoma's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Clinton, Oklahoma, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Clinton, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clinton, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Clinton, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clinton, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, net pension liability schedules and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of City of Clinton, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Clinton, Oklahoma's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Clinton, Oklahoma's internal control over financial reporting and compliance.

Britton Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 14, 2022

Our discussion and analysis of the City of Clinton's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$72,511,120 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$67,921,005.
- Total liabilities of the City decreased by \$2,200,186 to \$29,501,637.
- Total net assets are comprised of the following:
 - (1) Invested in capital assets, net of related debt, of \$35,909,810 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$10,158,185 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws or regulations.
 - (3) Unrestricted net assets of \$26,443,125 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$13,348,520 this year. This compares to the prior year ending fund balance of \$11,233,682 showing an increase of \$2,148,838.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$6,489,206, or 61.50% of total General Fund expenditures including transfers and 65.48% of General Fund revenues including transfers.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent to which the City has met its operating objectives efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating, identify financial strengths and weaknesses, and provide an assessment of liquidity. Evaluation of the overall economic health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide financial statement is the *Statement of Activities* which reports how the City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, transportation, cultural, parks and recreation, education and economic development. Business-type activities include water and wastewater utilities, solid waste management, airports, recreational activities, health care, and economic development. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund City programs.

The City's financial reporting entity includes the funds and blended organizations of the City (primary government) and organizations for which the City is accountable (component units). Most of the legally separate organizations operate like city departments and are governed by a Board of Trustees wholly comprised of the City's Mayor and Council. These organizations are blended into the primary government for financial reporting purposes. The blended organizations reported as City funds include Clinton Public Works Authority, Clinton Solid Waste Authority, Clinton Airport Authority, Recreation Trust Authority, Clinton Hospital Authority, and Industrial Authority activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with the finance-related laws and regulations and to demonstrate fiscal accountability. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major fund is provided in the form of combining statements in a later section of this report.

Governmental funds

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. These financial statements are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes long-term view, comparisons between these two perspectives may provide insight into the long-term impact of the short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. There are two kinds of proprietary funds: enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to external city customers such as the water utilities and the City golf course. Internal service funds provide services and charge fees to customers within the City organization such as equipment services (repair and maintenance of City vehicles). Because the City's internal service fund primarily serves governmental functions, they are included within the governmental activities of the government-wide financial statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government wide financial statements but with more detail for major enterprise funds and individual component units.

Fiduciary funds

Fiduciary funds such as the meter deposit fund are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's pension benefits provided to its employees.

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the City as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at fiscal year end was \$72,511,120. This is a net increase of \$4,590,115 over last year's net position of \$67,921,005. The City's overall financial position improved during fiscal year 2022. The following table provides a summary of the City's net assets at June 30:

Summary of Net Position

	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2022	2021	2022	2021	2022	2021		
Current and other assets	\$ 13,825,310	\$ 11,652,914	\$ 26,135,707	\$ 24,930,626	\$ 39,961,017	\$ 36,583,540	\$ 3,377,477	8.5%
Other noncurrent assets	4,171,348	313,950	-	-	4,171,348	313,950	\$ 3,857,398	92.5%
Capital assets	17,506,288	17,976,383	43,239,537	43,478,642	60,745,825	61,455,025	\$ (709,200)	-12%
Total assets	35,502,946	29,943,247	69,375,244	68,409,268	104,878,190	98,352,515	\$ 6,525,675	6.2%
Deferred outflows of resources	1,630,221	1,918,986	-	-	1,630,221	1,918,986	(288,765)	-17.7%
Long-term liabilities	1,200,738	2,648,718	26,453,315	27,328,203	27,654,053	29,976,921	\$ (2,322,868)	-8.4%
Other liabilities	592,240	531,449	1,255,344	1,193,453	1,847,584	1,724,902	\$ 122,682	6.6%
Total liabilities	1,792,978	3,180,167	27,708,659	28,521,656	29,501,637	31,701,823	\$ (2,200,186)	-7.5%
Deferred inflows of resources	4,495,654	648,673	-	-	4,495,654	648,673	3,846,981	85.6%
Net position:								
Invested in capital assets, net of related debt	17,389,583	17,747,053	18,520,227	17,956,180	35,909,810	35,703,233	\$ 206,577	0.6%
Restricted	153,664	143,081	10,004,521	9,646,656	10,158,185	9,789,737	\$ 368,448	3.6%
Unrestricted	13,301,288	10,143,259	13,141,837	12,284,776	26,443,125	22,428,035	\$ 4,015,090	15.2%
Total net position	\$ 30,844,535	\$ 28,033,393	\$ 41,666,585	\$ 39,887,612	\$ 72,511,120	\$ 67,921,005	\$ 4,590,115	6.3%

The City reported positive balances in net assets for governmental activities, noting an increase of \$2,811,142. Business-type activities net assets increased \$1,778,973.

On June 14, 2011, City voters approved a special purpose sales tax of .95 cents for the purposes of the Acme Brick Park debt service, police and fire department construction, and economic development. In 2019, the allocation of the fourth cent changed to: .05 of 1 cent to Acme Brick Park operations, 85% of .95 of one cent to pay for the Utility System and Sales Tax Revenue Bonds Services 2014 debt service. The ½ cent that was allocated to Public Works Authority debt service expired and voters approved for it to be available for general purpose. The tax became effective October 1, 2011, and continued through August 31, 2019. In 2015, voters approved extending the termination date to December 31, 2044.

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the City's changes in net position for the year ended June 30:

Summary of Changes in Net Position

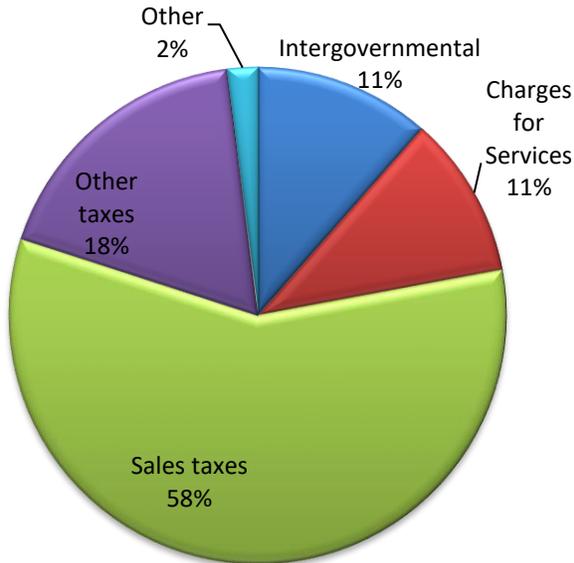
	Governmental Activities		Business-type Activities		Totals		\$ Change	% Change
	2022	2021	2022	2021	2022	2021		
Revenues								
Program Revenues								
Charges for services	\$ 1,092,857	\$ 1,082,425	\$ 9,799,543	\$ 8,843,365	\$ 10,892,400	\$ 9,925,790	\$ 966,610	10%
Operating grants and contributions	951,276	856,032	24,251	299,336	975,527	1,155,368	(179,841)	-16%
Capital grants and contributions	232,491	22,084	32,000	93,032	264,491	115,116	149,375	130%
General Revenues								
Sales taxes	5,973,624	5,452,802	-	-	5,973,624	5,452,802	520,822	10%
Use taxes	898,315	802,489	-	-	898,315	802,489	95,826	12%
Hotel/motel taxes	314,164	247,913	-	-	314,164	247,913	66,251	27%
E-911 taxes	100,020	100,020	-	-	100,020	100,020	-	0%
Franchise taxes (fees)	400,771	336,184	-	-	400,771	336,184	64,587	19%
Cigarette taxes	48,212	49,387	-	-	48,212	49,387	(1,175)	-2%
Other taxes	96,632	101,971	-	-	96,632	101,971	(5,339)	-5%
Oil & gas royalties	33,173	16,428	45,002	30,562	78,175	46,990	31,185	66%
Investment income	59,581	82,763	(10,178)	214,458	49,403	297,221	(247,818)	-83%
Other	112,330	45,795	296,387	292,865	408,717	338,660	70,057	21%
Pension change	1,053,774	(333,515)	-	-	1,053,774	(333,515)	1,387,289	-416%
Penalties	-	-	80,116	80,728	80,116	80,728	(612)	-1%
Gain on disposal of assets	-	-	12,564	(50,785)	12,564	(50,785)	63,349	-125%
Transfers - internal activity	(1,729,701)	(1,383,231)	1,729,701	1,383,231	-	-	-	0%
Total Revenues	\$ 9,637,519	\$ 7,479,547	\$ 12,009,386	\$ 11,186,792	\$ 21,646,905	\$ 18,666,339	\$ 2,980,566	14%
Expenses								
General government	\$ 1,075,310	\$ 1,117,854	\$ -	\$ -	\$ 1,075,310	\$ 1,117,854	\$ (42,544)	-4%
Public safety/judiciary	3,487,927	3,366,312	-	-	3,487,927	3,366,312	121,615	4%
Transportation	625,389	588,612	-	-	625,389	588,612	36,777	6%
Cultural, parks, recreation	1,135,570	1,128,177	-	-	1,135,570	1,128,177	7,393	1%
Economic development	45,682	-	-	-	45,682	-	45,682	0%
Public services	456,499	382,644	-	-	456,499	382,644	73,855	19%
Water	-	-	5,266,152	5,036,690	5,266,152	5,036,690	229,462	5%
Sewer	-	-	1,338,283	1,342,240	1,338,283	1,342,240	(3,957)	0%
Sanitation	-	-	1,639,495	1,573,182	1,639,495	1,573,182	66,313	4%
Airport	-	-	535,710	380,234	535,710	380,234	155,476	41%
Golf	-	-	560,710	487,829	560,710	487,829	72,881	15%
Parks & recreation	-	-	-	-	-	-	-	#DIV/0!
Education	-	-	-	60,485	-	60,485	(60,485)	-100%
Economic development	-	-	670,287	700,824	670,287	700,824	(30,537)	-4%
Total Expenses	\$ 6,826,377	\$ 6,583,599	\$ 10,230,413	\$ 9,829,468	\$ 17,056,790	\$ 16,413,067	\$ 643,723	4%
Change in net position	\$ 2,811,142	\$ 895,948	\$ 1,778,973	\$ 1,357,324	\$ 4,590,115	\$ 2,253,272	2,336,843	104%
Beginning net position	28,033,393	27,137,445	39,887,612	38,530,288	67,921,005	65,667,733	2,253,272	3.43%
Ending net position	\$ 30,844,535	\$ 28,033,393	\$ 41,666,585	\$ 39,887,612	\$ 72,511,120	\$ 67,921,005	4,590,115	6.76%

Governmental Activities

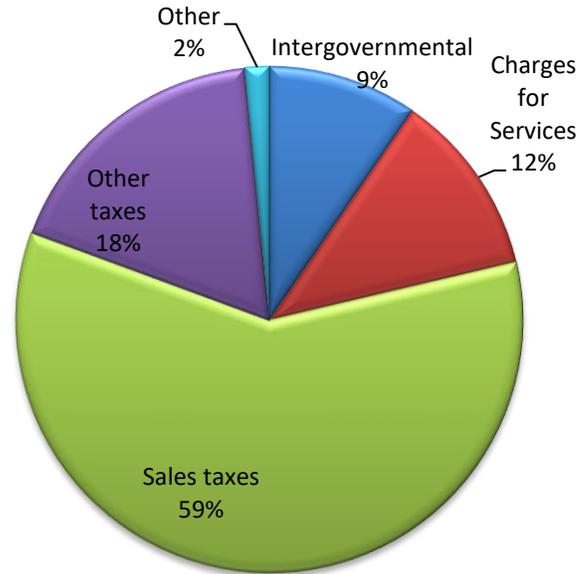
To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with the revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of the City's taxpayers. It also identifies how much each function draws from the general revenues or if it self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

Graphic presentations of the Summary of Changes in Net Position follows to assist in the analysis of the City's activities for fiscal years 2021 and 2020:

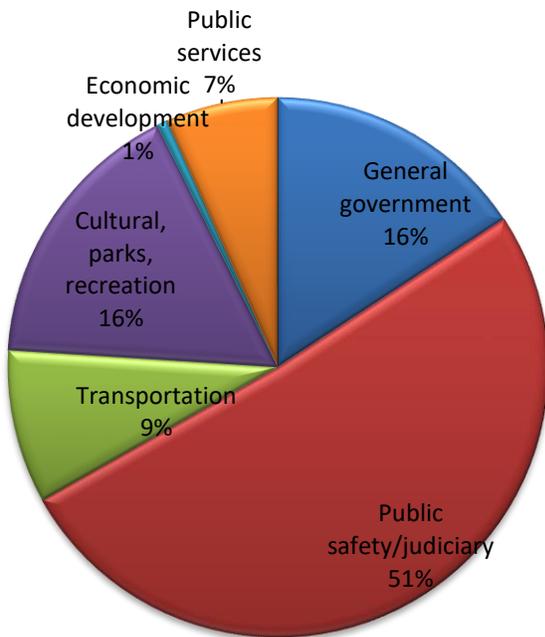
2022 Governmental Activities Sources



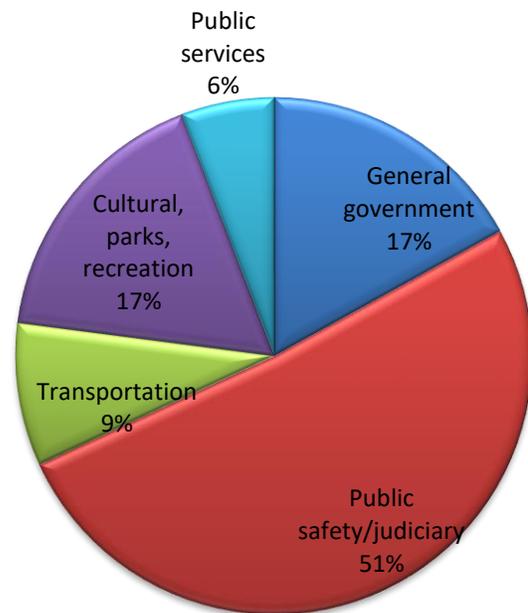
2021 Governmental Activities Sources



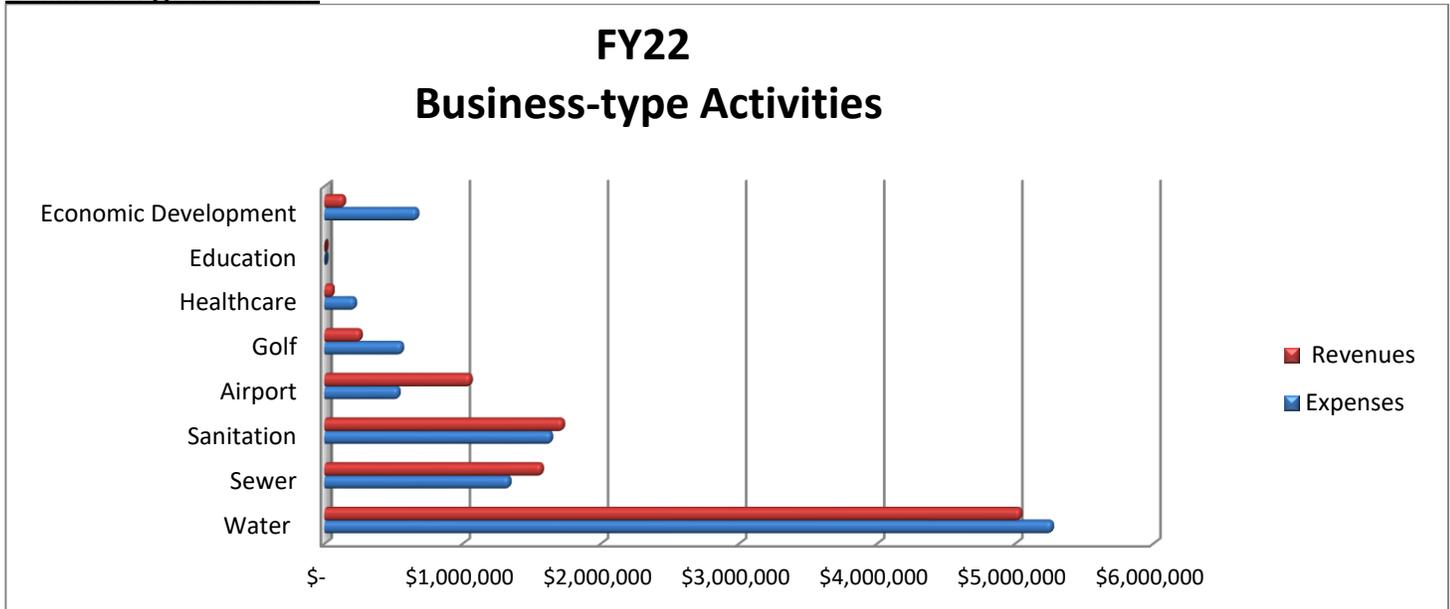
2022 Governmental Activities Uses



2021 Governmental Activities Uses



Business-Type Activities



Business-type activities are shown comparing cost to revenues generated by related services. Sanitation, sewer, and water are intended to be self-supporting with user charges and other revenues designed to recovered costs.

Financial Analysis of the City’s Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resource focus. This is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$13,348,520. Of this year end total \$6,489,206 is unreserved indicating availability for continuing City service requirements. Restricted fund balances include: \$153,664 committed to cemetery capital improvements and \$3,068,070 for capital projects.

The total ending fund balances of governmental funds showed an increase of \$2,114,838 from the prior year. This increase is primarily attributable to increased sales and use tax in general fund and receipt of ARPA funds in the capital improvement fund.

Major Governmental Funds

The General Fund is the City’s primary operating fund. The fund balance of the primary operating fund of the City increased by \$1,026,703 from \$5,462,503 to \$6,489,206. Key factors contributing to this increase included increases in sales and use tax.

The Capital Improvement Fund has an ending fund balance of \$3,068,070. The fiscal year end included a net increase of \$1,136,657 in the Capital Improvement Fund. The change in Capital Improvement Fund is largely due to a receipt of ARPA funds in the amount of \$793,564.

The 4th Cent Sales Tax Fund is the fund that accounts for one cent of the City’s 4 ½ cent sales tax (general fund is 2 ½ cents, capital improvement is 1 cent) that is to be used by the City for Water debt service (85% of .95), Acme Brick Park operation (.05), and economic development (15% of .95).

Proprietary funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

Major Proprietary Funds

The Public Works Authority (PWA) accounts for activities in providing water and wastewater services to the public. The increase in net position for the PWA Fund was \$1,337,843.

The Solid Waste Authority accounts for activities in providing solid waste services to the public. The increase in net position for the Solid Waste Authority was \$1,984,821.

The Clinton Airport Authority accounts for providing airport facilities to the public. The increase in net position for the Airport Authority was \$2,715,437. This was primarily the result of insurance proceeds received after tornado damage.

The Recreation Trust Authority accounts for the financing, development, and operation of recreational facilities which currently includes only the golf course. The increase in net position of the Recreation Trust Authority was \$1,137,708.

The Clinton Hospital Authority accounts for the operation and development of the hospital and other medical activities of the City. The decrease in net position of the Clinton Hospital Authority was \$220,747 after depreciation in the amount of \$199,884. The hospital is currently leased to Alliance Health Clinton so the fund activity will mainly consist of the annual lease payment from the hospital, interest income on investments, and the depreciation on the assets leased to Alliance Health.

The Industrial Authority accounts for the activities in promoting industrial development within the City of Clinton. The decrease in net position for the Industrial Authority was \$85,340.

The Economic Development Authority accounts for economic growth and development. There was an decrease in net position of \$22,896.

General Fund Budgetary Highlights

The General Fund Budget for fiscal year 2022 was \$6,368,232. Total expenditures for the City were \$5,703,204, which is \$665,028 less than the approved budget. The City was in compliance with all budget laws and regulations

Capital Assets and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2022, was \$17,506,288 and \$43,239,537 respectively.

Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activites		Totals		\$ Change	% Change
	2022	2021	2022	2021	2022	2021		
Non-Depreciable Assets:								
Land	\$ 992,391	\$ 992,391	\$ 2,161,311	\$ 2,119,040	\$ 3,153,702	\$ 3,111,431	\$ 42,271	1%
Construction in Progress	237,250	179,250	631,801	298,041	869,051	477,291	\$ 391,760	45%
Total non-depreciable assets	1,229,641	1,171,641	2,793,112	2,417,081	4,022,753	3,588,722	434,031	
Depreciable Assets:								
Buildings	6,200,422	6,370,243	15,218,283	15,579,118	21,418,705	21,949,361	\$ (530,656)	-2%
Other improvements	3,176,773	3,246,970	2,606,239	3,038,934	5,783,012	6,285,904	\$ (502,892)	-9%
Machinery, furniture & equipment	2,568,217	2,550,398	2,012,597	1,498,426	4,580,814	4,048,824	\$ 531,990	12%
Infrastructure	4,331,235	4,637,131	20,609,306	20,945,083	24,940,541	25,582,214	\$ (641,673)	-3%
Total depreciable assets	16,276,647	16,804,742	40,446,425	41,061,561	56,723,072	57,866,303	(1,143,231)	
Total	\$ 17,506,288	\$ 17,976,383	\$ 43,239,537	\$ 43,478,642	\$ 60,745,825	\$ 61,455,025	\$ (275,169)	0%

Long-term debt

At year-end, the City had \$27,220,032 in debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenue bonds	\$ -	\$ -	\$ 26,975,000	\$ 27,730,000	\$ 26,975,000	\$ 27,730,000
Notes payable/capital lease	116,705	229,330	128,327	176,479	245,032	405,809
subtotal	116,705	229,330	27,103,327	27,906,479	27,220,032	28,135,809
less current portion	(116,705)	(112,672)	(865,284)	(803,151)	(981,989)	(915,823)
Totals	\$ -	\$ 116,658	\$ 26,238,043	\$ 27,103,328	\$ 26,238,043	\$ 27,219,986

The Clinton Public Works Authority issued \$29,450,000 of revenue bonds on December 1, 2014 for the purpose of constructing and acquiring improvements to the City's water system. The bonds are secured by utility revenues and pledged sales tax.

THE CITY'S FUNDS

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year end June 30, 2022, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2022 Actual Budget Basis	FYE 2021 Actual Budget Basis	Increase/ (Decrease) from FYE 2021	Percent Increase/ (Decrease)
Revenues				
Sales taxes	\$ 3,411,574	\$ 3,038,118	\$ 373,456	11%
Use taxes	896,013	801,298	94,715	11%
Hotel/motel taxes	313,298	248,386	64,912	21%
E911 taxes	100,020	100,020	-	0%
Franchise taxes	398,708	334,177	64,531	16%
Cigarette taxes	48,404	49,512	(1,108)	-2%
Licenses and permits	64,165	57,153	7,012	11%
Oil and gas royalties	33,173	16,428	16,745	50%
Fines and forfeitures	61,231	94,288	(33,057)	-54%
Investment income	29,093	38,648	(9,555)	-33%
Charges for services	267,194	249,562	17,632	7%
Rental income	21,362	18,592	2,770	13%
Intergovernmental	235,341	926,699	(691,358)	-294%
Intracity fees	670,895	644,498	26,397	4%
Miscellaneous	76,340	50,034	26,306	34%
Total Revenues	\$ 6,626,811	\$ 6,667,413	\$ (40,602)	-1%
Expenditures				
Governing board & admin	\$ 879,492	\$ 727,652	\$ 151,840	17%
Finance	388,074	363,497	24,577	6%
Legal & courts	134,375	104,493	29,882	22%
Police	1,774,512	1,759,120	15,392	1%
Fire	1,066,617	1,008,204	58,413	5%
Inspection/code enforcement	97,679	85,886	11,793	12%
Street	396,103	240,964	155,139	39%
Parks & recreation	528,846	514,161	14,685	3%
Cemetery	105,209	120,504	(15,295)	-15%
Facilities maintenance	332,297	243,777	88,520	27%
Total Expenditures	\$ 5,703,204	\$ 5,168,258	\$ 534,946	9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In many ways the state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by fiscal and monetary stimulus and state and national employment are just now returning to pre-pandemic levels. Even though the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form.

Inflation has turned out to be far higher and longer-lasting than government officials had forecast. The Federal Reserve has embarked on a tightening of monetary policy, raising fears of a recession. Fueling Oklahoma's growth is a rebound in the energy sector. Oil and natural gas prices dramatically rebounded from their pandemic declines. The war in Ukraine and limited supply responses by the US and OPEC nations are anticipated to support the continued higher oil prices. This has increased energy sector employment. Following the nation, the Oklahoma economy will continue its recovery for the rest of 2021 and into 2022. Oklahoma's growth is forecast to be slower than growth nationwide, though unemployment will continue to be relatively lower in the state.

The following are highlights from the 2022-2023 budget:

The 2022-2023 budget was prepared to provide a financial plan that identifies as closely as possible most revenues and expenses while providing flexibility to address circumstances that could change.

A high priority for this budget year was to continue the accumulation of the local cash match which will be paid in 2024 for the Gary Boulevard Extension project near the reconfigured Exit 65 off Interstate 40. These budgets provide for the earmarking of reserve funds of at least \$3.394 million towards the anticipated \$6.6 Million total cash match. The City continues to pursue other project funding opportunities to open new commercial and residential properties on and near Gary Boulevard for the community. In doing so, the ongoing need to provide funding for needed and desired city services and capital improvements has not been forgotten.

The City will continue to work to increase sales tax generation, streamline operations, modify processes and redefine how we do what we do. This will prove to be critical to continue the current level of City services and to achieve the long term goals and economic vitality of the Clinton community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Treasurer's Office at City Hall, Clinton, Oklahoma.

Debra Blanchard, City Treasurer

City of Clinton, Oklahoma
Statement of Net Position
June 30, 2022

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash, including time deposits	\$ 842,563	\$ 2,292,879	\$ 3,135,442
Investments	12,275,797	19,456,874	31,732,671
Interest receivable	7,522	6,646	14,168
Accounts receivable (net)	-	909,225	909,225
Internal balances	-	-	-
Receivable from other governments	637,620	-	637,620
Prepaid expenses	61,808	82,069	143,877
Total current assets	<u>13,825,310</u>	<u>22,747,693</u>	<u>36,573,003</u>
Restricted assets:			
Cash	-	2,258,014	2,258,014
Investments	-	1,130,000	1,130,000
Total restricted assets	<u>-</u>	<u>3,388,014</u>	<u>3,388,014</u>
Noncurrent Assets:			
Pension asset	4,171,348	-	4,171,348
Land and construction in progress	1,229,641	2,793,112	4,022,753
Other capital assets (net of accumulated depreciation)	16,276,647	40,446,425	56,723,072
Total noncurrent assets	<u>21,677,636</u>	<u>43,239,537</u>	<u>64,917,173</u>
Total assets	<u>35,502,946</u>	<u>69,375,244</u>	<u>104,878,190</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	1,630,221	-	1,630,221
	<u>1,630,221</u>	<u>-</u>	<u>1,630,221</u>
LIABILITIES			
Current liabilities:			
Accounts payable	57,670	214,146	271,816
Wages and benefits payable	242,777	46,984	289,761
Compensated absences, current	175,088	50,115	225,203
Notes payable, current	116,705	90,284	206,989
Total current liabilities	<u>592,240</u>	<u>401,529</u>	<u>993,769</u>
Liabilities payable from restricted assets:			
Accrued interest payable	-	78,815	78,815
Bonds payable, current	-	775,000	775,000
Total liabilities payable from restricted assets	<u>-</u>	<u>853,815</u>	<u>853,815</u>
Noncurrent liabilities:			
Pension liability	1,199,483	-	1,199,483
Other accrued liabilities	1,255	-	1,255
Notes payable, non-current	-	38,043	38,043
Bonds payable, non-current	-	26,200,000	26,200,000
Unamortized bond premium	-	215,272	215,272
Bonds payable, net of unamortized premium	-	26,415,272	26,415,272
Total noncurrent liabilities	<u>1,200,738</u>	<u>26,453,315</u>	<u>27,654,053</u>
Total liabilities	<u>1,792,978</u>	<u>27,708,659</u>	<u>29,501,637</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred charges on pension obligations	4,495,654	-	4,495,654
NET POSITION			
Net investment in capital assets	17,389,583	18,520,227	35,909,810
Restricted for:			
Cemetery care	153,664	-	153,664
Hospital investment	-	8,331,250	8,331,250
Debt obligations	-	1,673,271	1,673,271
Unrestricted	13,301,288	13,141,837	26,443,125
Total net position	<u>\$ 30,844,535</u>	<u>\$ 41,666,585</u>	<u>\$ 72,511,120</u>

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
Governing board and administration	\$ 682,295	\$ 497,167	\$ 801,047	\$ -	\$ 615,919
Finance	393,015	268,358	-	-	(124,657)
Total general government	<u>1,075,310</u>	<u>765,525</u>	<u>801,047</u>	<u>-</u>	<u>491,262</u>
Public safety and judiciary:					
Legal & courts	144,112	-	-	-	(144,112)
Police	1,936,690	98,694	-	8,935	(1,829,061)
Fire	1,306,497	2,587	39,469	215,556	(1,048,885)
Inspection/code enforcement	100,628	2,061	-	-	(98,567)
Total public safety and judiciary	<u>3,487,927</u>	<u>103,342</u>	<u>39,469</u>	<u>224,491</u>	<u>(3,120,625)</u>
Transportation:					
Streets	625,389	-	83,270	-	(542,119)
Total transportation	<u>625,389</u>	<u>-</u>	<u>83,270</u>	<u>-</u>	<u>(542,119)</u>
Cultural, parks and recreation:					
Parks & recreation	1,028,910	144,339	27,490	8,000	(849,081)
Cemetery	106,660	79,651	-	-	(27,009)
Total cultural, parks and recreation	<u>1,135,570</u>	<u>223,990</u>	<u>27,490</u>	<u>8,000</u>	<u>(876,090)</u>
Economic Development:	<u>45,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,682)</u>
Public services:					
Facilities maintenance	456,499	-	-	-	(456,499)
Total public services	<u>456,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(456,499)</u>
Total governmental activities	<u>6,826,377</u>	<u>1,092,857</u>	<u>951,276</u>	<u>232,491</u>	<u>(4,549,753)</u>
Business-type activities:					
Water	5,266,152	5,032,449	5,750	-	(227,953)
Sewer	1,338,283	1,573,173	-	-	234,890
Sanitation	1,639,495	1,709,135	16,971	-	86,611
Airport	535,710	1,026,058	-	32,000	522,348
Golf	560,710	259,624	1,530	-	(299,556)
Healthcare	219,776	58,461	-	-	(161,315)
Economic development	670,287	140,643	-	-	(529,644)
Total business-type activities	<u>10,230,413</u>	<u>9,799,543</u>	<u>24,251</u>	<u>32,000</u>	<u>(374,619)</u>
Total	<u>\$ 17,056,790</u>	<u>\$ 10,892,400</u>	<u>\$ 975,527</u>	<u>\$ 264,491</u>	<u>\$ (4,924,372)</u>

(Continued)

City of Clinton, Oklahoma
Statement of Activities
For the Year Ended June 30, 2022

Changes in Net Position:

(Continued)

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (4,549,753)	\$ (374,619)	\$ (4,924,372)
General revenues:			
Taxes:			
Sales tax	5,973,624	-	5,973,624
Use tax	898,315	-	898,315
Hotel/Motel tax	314,164	-	314,164
E-911 tax	100,020	-	100,020
Franchise taxes	400,771	-	400,771
Cigarette tax	48,212	-	48,212
Alcoholic beverage tax	96,632	-	96,632
Oil and gas royalties	33,173	45,002	78,175
Investment income	59,581	(10,178)	49,403
Penalties	-	80,116	80,116
Gain (loss) on disposal of assets	-	12,564	12,564
Pension change	1,053,774	-	1,053,774
Gen utility fee	-	290,445	290,445
Miscellaneous	112,330	5,942	118,272
Transfers-Internal activity	(1,729,701)	1,729,701	-
Total general revenues and transfers	7,360,895	2,153,592	9,514,487
Change in net position	2,811,142	1,778,973	4,590,115
Net position-beginning	28,033,393	39,887,612	67,921,005
Net position-ending	\$ 30,844,535	\$ 41,666,585	\$ 72,511,120

**City of Clinton, Oklahoma
Balance Sheet
June 30, 2022**

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	Drug Seizure Fund	Cemetery Fund	Total Governmental Funds
ASSETS						
Cash, including time deposits	\$ 232,687	\$ 394,537	\$ 200,801	\$ 3,699	\$ 10,839	\$ 842,563
Investments	6,239,000	2,573,000	3,321,000	-	142,797	12,275,797
Interest receivable	3,465	1,135	2,894	-	28	7,522
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Receivable from other governments	413,501	114,933	109,186	-	-	637,620
Prepaid expenses	61,808	-	-	-	-	61,808
Total assets	<u>\$ 6,950,461</u>	<u>\$ 3,083,605</u>	<u>\$ 3,633,881</u>	<u>\$ 3,699</u>	<u>\$ 153,664</u>	<u>\$ 13,825,310</u>
LIABILITIES						
Accounts payable	\$ 42,135	\$ 15,535	\$ -	\$ -	\$ -	\$ 57,670
Wages and benefits payable	242,777	-	-	-	-	242,777
Compensated absences, current	175,088	-	-	-	-	175,088
Other accrued liabilities	1,255	-	-	-	-	1,255
Total liabilities	<u>461,255</u>	<u>15,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,790</u>
FUND BALANCES						
Restricted for:						
Cemetery care	-	-	-	-	153,664	153,664
Capital projects	-	3,068,070	-	-	-	3,068,070
Special revenue funds	-	-	3,633,881	3,699	-	3,637,580
Unassigned	6,489,206	-	-	-	-	6,489,206
Total fund balances	<u>6,489,206</u>	<u>3,068,070</u>	<u>3,633,881</u>	<u>3,699</u>	<u>153,664</u>	<u>13,348,520</u>
Total liabilities and fund balances	<u>\$ 6,950,461</u>	<u>\$ 3,083,605</u>	<u>\$ 3,633,881</u>	<u>\$ 3,699</u>	<u>\$ 153,664</u>	<u>\$ 13,825,310</u>
Total fund balance - total governmental funds						13,348,520
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:						
Land and capital assets, net of accumulated depreciation are not financial resources and, therefore, are not reported in the funds.						
Land and construction in process					1,229,641	
Capital assets					35,893,071	
Less: Accumulated depreciation					<u>(19,616,424)</u>	17,506,288
Long-term liabilities are not due and payable in the current period and are not reported in the funds.						(116,705)
Net pension asset						4,171,348
Pension related deferred outflows						1,630,221
Net pension liability						(1,199,483)
Pension related deferred inflows						(4,495,654)
Internal service funds are used by management to charge the costs of certain activities such as the central garage to the individual funds. Assets and liabilities of the internal service funds are reclassified to the governmental activities in the statement of net assets. Internal activity is reclassified to governmental and business-type activities based on the function of the activities charged.						
Internal service funds net position						-
Business-type activities internal liabilities to government fund activities						<u>-</u>
Net assets of governmental activities						<u>\$ 30,844,535</u>

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

	General Fund	Capital Improvement Fund	4th Cent Sales Tax Fund	DFT Drug Seizure Fund	Cemetery Fund	Total Governmental Funds
REVENUES						
Sales tax	\$ 3,384,663	\$ 1,327,319	\$ 1,261,642	\$ -	\$ -	\$ 5,973,624
Use tax	898,315	-	-	-	-	898,315
Hotel/motel tax	314,164	-	-	-	-	314,164
E911 tax	100,020	-	-	-	-	100,020
Franchise taxes	400,771	-	-	-	-	400,771
Cigarette tax	48,212	-	-	-	-	48,212
Licenses and permits	64,165	-	-	-	-	64,165
Oil and gas royalties	33,173	-	-	-	-	33,173
Fines and forfeitures	61,231	-	-	-	-	61,231
Investment income	29,901	8,549	18,468	-	2,663	59,581
Charges for services	267,194	-	-	-	8,010	275,204
Rental income	21,362	-	-	-	-	21,362
Intergovernmental	234,686	895,221	-	-	-	1,129,907
Intracity fees	670,895	-	-	-	-	670,895
Miscellaneous	76,564	186,258	-	-	-	262,822
Total revenues	<u>6,605,316</u>	<u>2,417,347</u>	<u>1,280,110</u>	<u>-</u>	<u>10,673</u>	<u>10,313,446</u>
EXPENDITURES						
Current:						
General government:						
Governing board and administration	665,403	8,856	1,867	489	-	676,615
Finance	390,417	240	-	-	-	390,657
Total general government	<u>1,055,820</u>	<u>9,096</u>	<u>1,867</u>	<u>489</u>	<u>-</u>	<u>1,067,272</u>
Public safety and judiciary:						
Legal and courts	141,952	1,540	-	-	-	143,492
Police	1,793,408	25,306	-	-	-	1,818,714
Fire	1,072,875	25,696	-	-	-	1,098,571
Inspection/code enforcement	97,557	-	-	-	-	97,557
Total public safety and judiciary	<u>3,105,792</u>	<u>52,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,158,334</u>
Transportation:						
Street	367,818	-	-	-	-	367,818
Total transportation	<u>367,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,818</u>
Cultural, parks and recreation:						
Parks & recreation	524,939	33,135	-	-	-	558,074
Cemetery	98,453	-	-	-	90	98,543
Total cultural, parks and recreation	<u>623,392</u>	<u>33,135</u>	<u>-</u>	<u>-</u>	<u>90</u>	<u>656,617</u>
Public Services:						
Facilities maintenance	333,633	3,243	-	-	-	336,876
Total public services	<u>333,633</u>	<u>3,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,876</u>
Economic development:						
Capital outlay	35,422	622,145	58,000	-	-	715,567
Debt service:						
Principal	-	112,625	-	-	-	112,625
Interest	-	8,116	-	-	-	8,116
Total debt service	<u>-</u>	<u>120,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,741</u>
Total expenditures	<u>5,521,877</u>	<u>840,902</u>	<u>105,549</u>	<u>489</u>	<u>90</u>	<u>6,468,907</u>
Excess (deficiency) of revenues over expenditures	1,083,439	1,576,445	1,174,561	(489)	10,583	3,844,539
OTHER FINANCING SOURCES (USES)						
Transfers in	3,304,195	1,037,908	-	-	-	4,342,103
Transfers out	(3,360,931)	(1,477,696)	(1,233,177)	-	-	(6,071,804)
Capital lease proceeds	-	-	-	-	-	-
Total other financing sources and uses	<u>(56,736)</u>	<u>(439,788)</u>	<u>(1,233,177)</u>	<u>-</u>	<u>-</u>	<u>(1,729,701)</u>
Net change in fund balances	1,026,703	1,136,657	(58,616)	(489)	10,583	2,114,838
Fund balances - beginning	5,462,503	1,931,413	3,692,497	4,188	143,081	11,233,682
Fund balances - ending	<u>\$ 6,489,206</u>	<u>\$ 3,068,070</u>	<u>\$ 3,633,881</u>	<u>\$ 3,699</u>	<u>\$ 153,664</u>	<u>\$ 13,348,520</u>

(Continued)

City of Clinton, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

(Continued)

Reconciliation of the change in fund balances - total governmental funds
to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds \$ 2,114,838

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	715,467	
Depreciation expense	<u>(1,185,562)</u>	(470,095)

Government-Wide Statement of Activities report the cost of pension benefits earned
net of employee contributions is reported as an element of pension expense. The
fund financial statements report pension contributions as expenditures.

1,053,774

In the statement of activities, the loss on the disposal of assets is reported, whereas in the
governmental funds, the proceeds from the sale increase financial resource. The change in net
assets differs from the change in fund balance by the cost of the assets disposed, net of
related accumulated depreciation

-

Loss on disposal of assets- government wide

-

The proceeds of debt issuances provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the statement of net assets. Repayment
of debt principle is an expenditure in the governmental funds, but the repayment reduces
long-term liabilities in the statement of net assets. See Note 3(E) for additional detail.

Debt activity reported in the fund statements

Capital lease financing	-	
Debt and capital lease principal	112,625	

Debt activity recognized in the statement of activities

Interest on long-term debt	-	112,625
----------------------------	---	---------

Internal service funds are used by management to charge the costs of internal activities

Internal service fund changes in net position

-

Business-type activities net activities due to governmental type activities

-

-

Change in Net Assets of Governmental Activities

\$ 2,811,142

City of Clinton, Oklahoma
Statement of Fund Net Position
June 30, 2022

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds
ASSETS								
Current assets:								
Cash, including time deposits	\$ 1,042,154	\$ 71,294	\$ 340,762	\$ 79,370	\$ 548,465	\$ 147,407	\$ 63,427	\$ 2,292,879
Investment	6,521,000	1,090,000	300,000	-	10,733,874	812,000	-	19,456,874
Interest receivable	4,772	417	41	-	880	536	-	6,646
Accounts receivable (net)	732,168	171,624	5,433	-	-	-	-	909,225
Prepaid expenses	47,277	7,034	11,168	5,161	-	11,429	-	82,069
Total current assets	<u>8,347,371</u>	<u>1,340,369</u>	<u>657,404</u>	<u>84,531</u>	<u>11,283,219</u>	<u>971,372</u>	<u>63,427</u>	<u>22,747,693</u>
Restricted assets:								
Cash, including time deposits	2,258,014	-	-	-	-	-	-	2,258,014
Investments	1,130,000	-	-	-	-	-	-	1,130,000
Total restricted assets	<u>3,388,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,388,014</u>
Noncurrent assets:								
Capital assets (net)	34,624,089	847,335	2,716,775	1,188,006	464,741	3,356,320	42,271	43,239,537
Total noncurrent assets	<u>34,624,089</u>	<u>847,335</u>	<u>2,716,775</u>	<u>1,188,006</u>	<u>464,741</u>	<u>3,356,320</u>	<u>42,271</u>	<u>43,239,537</u>
Total assets	<u>46,359,474</u>	<u>2,187,704</u>	<u>3,374,179</u>	<u>1,272,537</u>	<u>11,747,960</u>	<u>4,327,692</u>	<u>105,698</u>	<u>69,375,244</u>
LIABILITIES								
Current liabilities:								
Accounts payable	140,710	51,151	456	-	30	6,520	15,279	214,146
Wages and benefits payable	15,873	22,188	-	-	-	-	8,923	46,984
Compensated absences, current	14,277	24,219	-	-	-	-	11,619	50,115
Notes payable, current	-	-	-	90,284	-	-	-	90,284
Total current liabilities	<u>170,860</u>	<u>97,558</u>	<u>456</u>	<u>90,284</u>	<u>30</u>	<u>6,520</u>	<u>35,821</u>	<u>401,529</u>
Liabilities payable from restricted assets:								
Accrued interest payable	78,815	-	-	-	-	-	-	78,815
Bonds payable, current	775,000	-	-	-	-	-	-	775,000
Total liabilities payable from restricted assets	<u>853,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,815</u>
Noncurrent liabilities:								
Notes payable, non-current	-	-	-	38,043	-	-	-	38,043
Bonds payable, noncurrent	26,200,000	-	-	-	-	-	-	26,200,000
Unamortized bond discount/premium	215,272	-	-	-	-	-	-	215,272
Bonds payable, net of unamortized discount/premium and deferred amount on refunding	26,415,272	-	-	-	-	-	-	26,415,272
Total noncurrent liabilities	<u>26,415,272</u>	<u>-</u>	<u>-</u>	<u>38,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,453,315</u>
Total liabilities	<u>27,439,947</u>	<u>97,558</u>	<u>456</u>	<u>128,327</u>	<u>30</u>	<u>6,520</u>	<u>35,821</u>	<u>27,708,659</u>
NET POSITION								
Net investment in capital assets	10,033,106	847,335	2,716,775	1,059,679	464,741	3,356,320	42,271	18,520,227
Restricted for hospital investment	-	-	-	-	8,331,250	-	-	8,331,250
Restricted for debt obligations	1,673,271	-	-	-	-	-	-	1,673,271
Unrestricted	7,213,150	1,242,811	656,948	84,531	2,951,939	964,852	27,606	13,141,837
Total net position	<u>\$ 18,919,527</u>	<u>\$ 2,090,146</u>	<u>\$ 3,373,723</u>	<u>\$ 1,144,210</u>	<u>\$ 11,747,930</u>	<u>\$ 4,321,172</u>	<u>\$ 69,877</u>	<u>41,666,585</u>
Net position of business-type activities								<u>\$ 41,666,585</u>

City of Clinton, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds
Operating revenues:								
Charges for services:								
Water charges	\$ 4,887,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,887,860
Sewer charges	1,533,876	-	-	-	-	-	-	1,533,876
Sanitation charges	-	1,704,427	-	-	-	-	-	1,704,427
Penalties	80,116	-	-	-	-	-	-	80,116
Golf fees	-	-	-	254,375	-	-	-	254,375
Concessions/merchandise sales	-	-	88,033	-	-	-	-	88,033
Total charges for services	6,501,852	1,704,427	88,033	254,375	-	-	-	8,548,687
Lease and rental income	17,275	-	43,292	2,401	58,375	39,454	-	160,797
Miscellaneous	462,998	4,708	894,733	2,848	86	1,189	100,000	1,466,562
Total operating revenues	<u>6,982,125</u>	<u>1,709,135</u>	<u>1,026,058</u>	<u>259,624</u>	<u>58,461</u>	<u>40,643</u>	<u>100,000</u>	<u>10,176,046</u>
Operating expenses:								
Cost of goods sold	1,326,383	-	-	-	-	-	-	1,326,383
Personal services	331,508	434,913	-	113,791	-	25,210	156,945	1,062,367
Materials and supplies	406,936	245,494	92,902	32,513	-	11,757	240	789,842
Other services and charges	2,142,536	882,224	225,835	293,222	19,892	318,015	66,973	3,948,697
Bad debt expense	42,843	5,131	-	-	-	-	-	47,974
Depreciation	1,360,325	71,733	216,973	115,814	199,884	91,147	-	2,055,876
Total operating expenses	<u>5,610,531</u>	<u>1,639,495</u>	<u>535,710</u>	<u>555,340</u>	<u>219,776</u>	<u>446,129</u>	<u>224,158</u>	<u>9,231,139</u>
Net operating income	1,371,594	69,640	490,348	(295,716)	(161,315)	(405,486)	(124,158)	944,907
Nonoperating revenue (expense):								
Investment income	36,107	7,145	818	124	(59,432)	4,768	292	(10,178)
Gain (loss) on disposal of fixed assets	915	11,569	-	-	-	80	-	12,564
Grants and contributions	5,750	16,971	32,000	1,530	-	-	-	56,251
Interest expense	(1,001,507)	-	-	(5,370)	-	-	-	(1,006,877)
Fiscal charges	(2,000)	-	-	-	-	-	-	(2,000)
Amortization	9,603	-	-	-	-	-	-	9,603
Oil and gas royalties	26,782	-	18,220	-	-	-	-	45,002
Total nonoperating revenue (expense)	<u>(924,350)</u>	<u>35,685</u>	<u>51,038</u>	<u>(3,716)</u>	<u>(59,432)</u>	<u>4,848</u>	<u>292</u>	<u>(895,635)</u>
Net Income before contributions and transfers	447,244	105,325	541,386	(299,432)	(220,747)	(400,638)	(123,866)	49,272
Transfers from other funds	5,194,794	-	116,900	305,934	-	315,298	100,970	6,033,896
Transfers to other funds	(4,304,195)	-	-	-	-	-	-	(4,304,195)
Change in net position	1,337,843	105,325	658,286	6,502	(220,747)	(85,340)	(22,896)	1,778,973
Net position-beginning of year	17,581,684	1,984,821	2,715,437	1,137,708	11,968,677	4,406,512	92,773	39,887,612
Net position-end of year	<u>\$ 18,919,527</u>	<u>\$ 2,090,146</u>	<u>\$ 3,373,723</u>	<u>\$ 1,144,210</u>	<u>\$ 11,747,930</u>	<u>\$ 4,321,172</u>	<u>\$ 69,877</u>	<u>\$ 41,666,585</u>

City of Clinton, Oklahoma
Statement of Cash Flows
For the Year Ended June 30, 2022

	Public Works Authority	Solid Waste Authority	Clinton Airport Authority	Recreation Trust Authority	Clinton Hospital Authority	Industrial Authority	Economic Development Authority	Total Enterprise Funds
Cash flows from operating activities:								
Receipts from customers	\$ 6,361,275	\$ 1,688,996	\$ 129,416	\$ 256,776	\$ 58,375	\$ 78,381	\$ -	\$ 8,573,219
Payments to suppliers	(3,905,829)	(1,129,193)	(319,791)	(328,165)	(19,892)	(335,774)	(60,535)	(6,099,179)
Payments to employees	(333,675)	(432,836)	-	(125,858)	-	(30,978)	(155,131)	(1,078,478)
Other operating revenues	462,998	4,708	894,733	2,848	86	1,189	100,000	1,466,562
Net cash provided (used) by operating activities	2,584,769	131,675	704,358	(194,399)	38,569	(287,182)	(115,666)	2,862,124
Cash flows from non-capital financing activities:								
Payments under interfund loan agreements	-	-	-	-	-	-	-	-
Transfers from other funds	5,194,794	-	116,900	305,934	-	315,298	100,970	6,033,896
Transfers to other funds	(4,304,195)	-	-	-	-	-	-	(4,304,195)
Net cash provided (used) by non-capital financing activities	890,599	-	116,900	305,934	-	315,298	100,970	1,729,701
Cash flows from capital and related financing activities:								
Purchases of capital assets	(1,063,731)	(344,476)	(319,296)	(52,412)	-	(5,006)	(42,271)	(1,827,192)
Principal paid on capital debt	(755,000)	-	-	(48,152)	-	-	-	(803,152)
Proceeds received on grants	5,750	16,971	32,000	1,530	-	-	-	56,251
Interest and fiscal charges paid on capital debt	(1,005,306)	-	-	(5,370)	-	-	-	(1,010,676)
Net cash provided (used) by capital and related financing activities	(2,818,287)	(327,505)	(287,296)	(104,404)	-	(5,006)	(42,271)	(3,584,769)
Cash flows from investing activities:								
Sale (purchase) of investments	(1,593,000)	5,000	(300,000)	-	183,003	(5,000)	100,000	(1,609,997)
Proceeds from sale of capital assets	5,519	11,669	5,716	-	-	80	-	22,984
Investment income	35,759	7,485	777	124	(59,417)	4,704	347	(10,221)
Receipts from oil & gas royalties	26,782	-	18,220	-	-	-	-	45,002
Net cash provided (used) by investing activities	(1,524,940)	24,154	(275,287)	124	123,586	(216)	100,347	(1,552,232)
Net increase (decrease) in cash and cash equivalents	(867,859)	(171,676)	258,675	7,255	162,155	22,894	43,380	(545,176)
Cash and cash equivalents, July 1, 2021	4,168,027	242,970	82,087	72,115	386,310	124,513	20,047	5,096,069
Cash & cash equivalents, June 30, 2022	<u>\$ 3,300,168</u>	<u>\$ 71,294</u>	<u>\$ 340,762</u>	<u>\$ 79,370</u>	<u>\$ 548,465</u>	<u>\$ 147,407</u>	<u>\$ 63,427</u>	<u>\$ 4,550,893</u>
Cash, including time deposits	\$ 1,042,154	\$ 71,294	\$ 340,762	\$ 79,370	\$ 548,465	\$ 147,407	\$ 63,427	\$ 2,292,879
Restricted cash, including time deposits	2,258,014	-	-	-	-	-	-	2,258,014
Total cash and cash equivalents, end of year	<u>\$ 3,300,168</u>	<u>\$ 71,294</u>	<u>\$ 340,762</u>	<u>\$ 79,370</u>	<u>\$ 548,465</u>	<u>\$ 147,407</u>	<u>\$ 63,427</u>	<u>\$ 4,550,893</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities								
Operating income (loss)	\$ 1,371,594	\$ 69,640	\$ 490,348	\$ (295,716)	\$ (161,315)	\$ (405,486)	\$ (124,158)	\$ 944,907
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	1,360,325	71,733	216,973	115,814	199,884	91,147	-	2,055,876
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(157,852)	(15,431)	(1,909)	-	-	38,927	-	(136,265)
(Increase) decrease in prepaids	(1,151)	(973)	(1,275)	(129)	-	(423)	-	(3,951)
Increase (decrease) in accounts payable	14,020	4,629	221	(2,301)	-	(5,579)	6,678	17,668
Increase (decrease) in wages & benefits payable	681	947	-	(10,762)	-	(2,081)	404	(10,811)
Increase (decrease) in compensated absences	(2,848)	1,130	-	(1,305)	-	(3,687)	1,410	(5,300)
Increase (decrease) in other accrued liabilities	-	-	-	-	-	-	-	-
Total adjustments	1,213,175	62,035	214,010	101,317	199,884	118,304	8,492	1,917,217
Net cash provided (used) by operating activities	\$ 2,584,769	\$ 131,675	\$ 704,358	\$ (194,399)	\$ 38,569	\$ (287,182)	\$ (115,666)	\$ 2,862,124
Non-cash investing, capital, and financing activities:								
Net increase (decrease) in fair value of investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total non-cash investing, capital, and financing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Clinton, Oklahoma
Statement of Fiduciary Net Position
June 30, 2022

	Library Private-Purpose Trust Fund	Agency Fund
ASSETS		
Cash, including time deposits	\$ 34,142	\$ 13,302
Investments	51,944	369,000
Total assets	\$ 86,086	\$ 382,302
LIABILITIES		
Due to depositors	-	382,302
Total liabilities	\$ -	\$ 382,302
NET POSITION		
Restricted for:		
Individuals, organizations or other governments	\$ 86,086	\$ -

City of Clinton, Oklahoma
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Library Private-Purpose Trust Fund
ADDITIONS	
Investment earnings:	
Net increase in the fair value of investments	\$ (22,601)
Interest, dividends, and other	6,005
Net investment earnings	(16,596)
DEDUCTIONS	
Benefits paid to participants or beneficiaries	-
Total deductions	-
Net increase in fiduciary net position	(16,596)
Net position- beginning	102,682
Net position- ending	\$ 86,086

INDEX

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. INTRODUCTION
- B. FINANCIAL REPORTING ENTITY
- C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
- D. FUND TYPES AND MAJOR FUNDS
- E. ASSETS, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, LIABILITIES AND NET POSITION/FUND BALANCE
- F. REVENUES, EXPENDITURES AND EXPENSES

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. DEFICIT FUND NET POSITION/FUND BALANCE
- B. BUDGETARY INFORMATION
- C. REVENUE RESTRICTIONS
- D. DEBT RESTRICTIONS AND COVENANTS

NOTE 3: DETAIL NOTES ON FUNDS, ACCOUNT GROUPS AND COMPONENT UNITS

- A. CASH AND INVESTMENTS
- B. ACCOUNTS RECEIVABLE
- C. RESTRICTED ASSETS
- D. CAPITAL ASSETS
- E. LONG-TERM DEBT
- F. INTERFUND TRANSACTIONS AND BALANCES
- G. FUND EQUITY

NOTE 4: OTHER NOTES

- A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS
- B. COMMITMENTS AND CONTINGENCIES
- C. SUBSEQUENT EVENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Introduction:

The accounting and reporting framework and the more significant accounting principles and practices of the City of Clinton (City) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2022.

(B) Financial Reporting Entity:

The City of Clinton is a Council-Manager charter city in which citizens elect the mayor at large and four council members by wards. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

Due to restrictions of the state constitution relating to the issuance of municipal debt, the City created public trusts pursuant to Title 60 of Oklahoma State Law to finance City services with revenue bonds or other non-general obligation financing, and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

Blended Component Units Reported with Primary Government

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Reporting Fund Type</u>
Clinton Public Works Authority (CPWA)	Created November 15, 1977 to finance, develop and operate the water, sewer and solid waste activities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Solid Waste Authority (CSWA)	Created September 4, 1997 to finance, develop and operate the solid waste activities of the City. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Airport Authority (CAA)	Created March 2, 1971 to originally provide airport hangar facilities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Recreational Authority (CRA)	Created December 20, 1990 to finance, develop and operate recreational, athletic, sports, amusement, entertainment, cultural and educational services and facilities. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Industrial Authority (CIA)	Created September 20, 1996 to promote industrial development. The current City Council serves as entire governing body (Trustees). Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund
Clinton Hospital Authority (CHA)	Created May 31, 1972 to finance, develop and operate the hospital and other medical activities of the City. The current City Council serves as entire governing body (Trustees). The hospital was leased to Clinton HMA LLC on January 1, 1998. This lease is for a 20-year period. Clinton HMA LLC exercised its first option for a renewal term which will commence on January 1, 2018 and expire on December 31, 2022.	Enterprise Fund
Clinton Economic Development Authority (CED)	Created May 15, 2018 to stimulate economic growth and development. One council member serves as one of the six Trustees. Any issuances of debt would require a two-thirds approval of the City Council.	Enterprise Fund

(C) Government-wide and Fund Financial Statements:

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the City as a whole. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility and repair services provided to City departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Date of Management's Review

Subsequent events were evaluated through December 14, 2022, which is the date the financial statements were available to be issued.

Interfund Balances

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

All activity between governmental and blended business-type activities are eliminated and any residual balances outstanding between the activities are reported in the government-wide financial statements as internal balances.

(D) Fund Types and Major Funds:

Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Capital Project Fund

The Capital Projects Fund is used to account for sales tax resources restricted for the acquisition or construction of specific capital projects or items.

Cemetery Care

Accounts for 12.5% of cemetery revenue restricted by State law for cemetery capital improvements.

4th Cent Sales Tax

Accounts for the fourth cent of city sales tax which is restricted for Acme Brick Park debt service, Acme Brick Park operation, and economic development.

Major Proprietary Funds

<u>Fund</u>	<u>Brief Description</u>
Clinton Public Works Authority	Accounts for the activities of the public trust in providing water and wastewater services to the public.
Clinton Solid Waste Authority	Accounts for the activities of the public trust in providing solid waste services to the public.
Clinton Airport Authority	Accounts for the activities of the public trust in providing airport facilities to the public.
Clinton Recreational Authority	Accounts for the activities of the public trust in providing recreational, cultural, and educational activities and facilities to the public. The Authority presently operates the municipal golf course facility.
Clinton Industrial Authority	Accounts for the activities of the public trust in promoting industrial development within the limits of the City of Clinton.
Clinton Hospital Authority	Accounts for the activities of the public trust in leasing the hospital facility for a 5-year period beginning January 1, 2018.

Internal Service Fund

Accounts for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These include fleet services, risk management, and information technology. This proprietary fund is reported primarily with governmental activities in the government-wide financial statements.

Agency Funds

Agency funds account for assets held by the City in a trustee or agency capacity. Expendable trust funds account for financial activity in essentially the same manner as governmental funds. Pension trust funds use the economic resources measurement focus in essentially the same manner as proprietary funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

(E) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

For the purposes of the Statement of Net Assets and Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, and certificate of deposit or short-term investment with an original maturity of three months or less. In addition, revenue bond trust account investments in open-ended mutual funds are considered "cash and cash equivalents". Cash deposits are reported at carrying amount which reasonably estimates fair value.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Receivables and Uncollectible Accounts

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts and revenues net of uncollectibles. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days, depending on the fund.

Prepays

Prepays are payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary and component unit capital assets are also reported in their respective fund and combining component units' financial statements. Donated assets are stated at fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Costs incurred during the construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

- Buildings	25-50 years
- Other Improvements	2-50 years
- Machinery, Furniture and Equipment	5-20 years
- Infrastructure	25-50 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category. They are a deferred charge on refunding and a deferred charge on net pension obligations for the retirement plans of the City reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and a deferred charge on pension obligations results from the net difference between projected and actual earning on pension plan investments. These deferred charges on refunding are deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports deferred charges on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Net Position/Fund Balance

Fund Balance

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets:

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position:

Amounts reported as restricted consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position:

This consists of net position that does not meet the criteria of "restricted" or "net investment in capital assets."

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

Nonspendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Commission, the City's highest level of decision-making authority,

Assigned

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

(F) Revenues, Expenditures and Expenses:

Sales Tax

The City presently levies a four ½ -cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. Sales tax collected by the State in June (which represent sales for May) and received by the City in July have been accrued and are included under the caption "Due from other governments". The sales tax received is recorded as sales tax revenue within certain funds as follows:

- 2 cents General Fund
- 1 cent Capital Improvement Fund
- 1 cent Special Revenue Fund (through December 31, 2044)
- ½ cent general purpose (effective October 1, 2019 through December, 2044)

In accordance with Revenue Bond indentures, all 3 cents plus 85% of .95 for water debt service of the sales tax is appropriated and paid to the Public Works Authority, then 85% of .95 cent is retained for the water improvement debt and the remainder is transferred back to and used by the General Fund and Capital Improvement Fund.

Voters approved a continuation of the .95 cent sales tax to begin October 1, 2019 which is committed to water debt service and economic development through December 31, 2044.

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot exceed 35%.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2022, the City's net assessed valuation of taxable property was \$50,311,923. The City levied no property taxes this year.

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, parks charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activities grants and contributions include restricted investment income, donations from others, as well as grants from Federal and state agencies.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, after one year of service, employees are entitled to all accrued vacation leave and comp time upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary and fiduciary financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) Deficit Fund Net Position/Fund Balance:

Deficits resulting from accrual reporting do not constitute violations of the Oklahoma State Statutes. For the year ended June 30, 2022, the City reported no individual fund deficits.

(B) Budgetary Information:

Budget Policy and Practice

The City Manager submits an annual budget to the City Council in accordance with the City Charter and the Oklahoma Municipal Budget Act. The budget is presented to the City Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the City Council adopts the annual fiscal year budgets for City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Council review and approval process.

Budget Basis of Accounting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: Personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the City Council. The legal level of control is by department within a fund. Expenditures may not

exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

For the year ended June 30, 2022, the City complied, in all material respects, with the applicable budget laws. The City did not over-expend appropriations at the legal level of control in any object category.

There was 1 General Fund supplemental appropriations approved by the City Council during fiscal year 2022.

(C) Revenue Restrictions:

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 1(F)
Gasoline Excise and Commercial Vehicle Tax	Street and Alley Purposes
Airport Revenue	Airport Operations and Debt Service
E-911 Revenue	E-911 Emergency Services Purposes
Clinton Hospital Authority Lease Trust Funds	Only interest on hospital funds may be spent
Golf Course Revenue	Golf Course Operations and Debt Service
Cemetery Revenue (12.5%)	Cemetery Capital Improvements
Lodging Tax	Cost of operating and maintaining a community center
Ad-Valorem Tax	Debt Service on Bonds and Judgments
Incremental tax on sales, hotel/motel & advalorem	Capital improvements in defined area

For the year ended June 30, 2022, the City complied, in all material respects, with these revenue restrictions.

(D) Debt Restrictions and Covenants

Revenue Bond Debt

The various bond indentures relating to the revenue bond issues of the Clinton Public Works Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, a revenue bond debt service coverage requirement and required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authorities' level of compliance thereon as of June 30, 2022.

<u>Requirement</u>	<u>Level of Compliance</u>
a. Flow of Funds – Bond Reserve Account, Construction Account, Gross Revenue Account, and Sinking Fund Reserve.	All required debt service payments were made.
b. Revenue Bond Coverage - Net operating revenue must equal 1.25 times average annual debt service on the bonds for the Public Works Authority.	For the year ended June 30, 2022, this requirement was met (see computation below).

Revenue Bond Coverage

<u>Gross revenue available for debt service</u>	
Operating revenues for Public Works Authority	6,501,852
Pledged sales tax	5,097,293
Gross revenue available for debt service	11,599,145
Operating expenses for Public Works Authority	
Excluding depreciation and amortization	(4,250,206)
Net revenues available for debt service	7,348,939
Debt service requirements:	
Average annual debt service- Series 2014 revenue bonds	1,681,495
Total average annual debt service	1,681,495
Computed coverage	4.37
Required coverage	1.25

NOTE 3: DETAIL NOTES ON FUNDS, ACCOUNT GROUPS, AND COMPONENT UNITS

(A) Cash and Investments:

Deposits

The City invests in various investments securities. Investment securities are exposed to various risks such as interest rate risk and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the City's financial position.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City or applicable public trust.

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

Investments

As of June 30, 2022, the City's reporting entity had the following investments:

Certificates of deposit	\$ 24,813,000	\$ 24,813,000	N/A	324
Total pooled investments	24,813,000	24,813,000		

NON-POOLED INVESTMENTS:

Federal agency notes	1,940,458	2,097,203	Aaa	-
Mortgage backed securities (3)	26,416	27,407	AAA	
Federal obligations	2,797	2,797	AAA	
Certificates of deposit	6,080,000	6,080,000	N/A	290
Total non-pooled investments	8,049,671	8,207,407		

Total primary government investments	\$ 32,862,671	\$ 33,020,407		
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Reconciliation to Statement of Net Assets

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Unrestricted Investments	12,275,797	19,456,874	31,732,671
Restricted Investments	-	1,130,000	1,130,000
Total	12,275,797	20,586,874	32,862,671

Fiduciary funds

POOLED INVESTMENTS:

Certificates of deposit	\$ 369,000	\$ 369,000	N/A	47
Total fiduciary investments	\$ 369,000	\$ 369,000		

Grand total investments	\$ 33,231,671	\$ 33,389,407		
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- (1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.
(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.
(3) These include investments highly sensitive to interest rate changes.

Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in accordance with investment policy adopted by the City Council on September 2, 2014 and by complying with State Statutes and the City Charter.

(B) Accounts Receivable

Governmental activities report sales, use, lodging, alcoholic beverage, cigarette, gas excise, commercial vehicle and franchise taxes receivable of \$695,620 comprised of amounts received after year-end for current year taxes.

	<i>Business-type Activities</i>				Total
	Public Works	Solid Waste	Airport	Industrial Authority	
Accounts Receivable	\$ 732,168	\$ 171,624	\$ 5,433	\$ -	\$ 909,225
Less: allowance for uncollectible accounts	-	-	-	-	-
Net accounts receivable	\$ 732,168	\$ 171,624	\$ 5,433	\$ -	\$ 909,225

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

(C) Restricted Assets:

The amounts reported as restricted assets on the combined balance sheet are comprised of cash and investments held by the trustee banks on behalf of the various public trusts authorities related to their required revenue bond accounts.

The restricted assets as of June 30, 2022 were as follows:

<u>Type of Restricted Assets</u>	<u>Cash and cash equivalents</u>	<u>Investments</u>	<u>Total</u>
Enterprise Funds:			
Public Works Authority			
Revenue Bond Accounts:			
2014 bonds (trustee account)	\$ 2,258,014	\$ -	\$ 2,258,014
2014 bonds	-	1,130,000	1,130,000
Grand total enterprise fund	<u>\$ 2,258,014</u>	<u>\$ 1,130,000</u>	<u>\$ 3,388,014</u>

(D) Capital Assets:

Governmental Activities

A summary of the changes in the governmental activities fixed assets is as follows:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2022</u>
Land	\$ 992,391	\$ -	\$ -	\$ 992,391
Buildings	10,687,745	78,900	32,940	10,733,705
Other improvements	6,657,163	198,502	24,500	6,831,165
Machinery, furniture & equip.	7,271,183	401,759	60,722	7,612,220
Infrastructure	10,715,981	-	-	10,715,981
Construction in process	179,250	58,000	-	237,250
	<u>36,503,713</u>	<u>737,161</u>	<u>118,162</u>	<u>37,122,712</u>
Less accumulated depreciation	18,527,330	1,185,562	96,468	19,616,424
Net property, plant, & equipment	<u>\$ 17,976,383</u>			<u>\$ 17,506,288</u>

Business-Type Activities

A summary of the changes in the business-type activities fixed assets is as follows:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2022</u>
Land	\$ 2,119,040	\$ 42,271	\$ -	\$ 2,161,311
Buildings	21,741,517	3,452	-	21,744,969
Other improvements	13,833,688	21,348	9,988	13,845,048
Machinery, furniture & equip.	14,643,498	82,891	213,090	15,259,320
Infrastructure	45,565,926	597,450	-	46,163,376
Construction in progress	298,041	470,654	136,894	631,801
	<u>98,201,710</u>	<u>1,964,087</u>	<u>359,972</u>	<u>99,805,825</u>
Less accumulated depreciation	54,723,068	2,055,877	212,658	56,566,287
Net property, plant, & equipment	<u>\$ 43,478,642</u>			<u>\$ 43,239,538</u>

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

Fixed assets of the Enterprise Funds were comprised of the following at June 30, 2022:

	Public Works Authority	Solid Waste Authority	Airport Authority	Recreation Authority	Industrial Authority	Economic Development Authority	Hospital Authority
Land	\$ 164,305	\$ 84,601	\$ 128,733	\$ 302,000	\$ 1,394,595	\$ 42,271	\$ 44,806
Buildings	14,337,518	179,823	514,933	253,752	2,760,081	-	3,698,862
Other Improvements	1,701,800	5,799	1,446,900	1,510,190	358,377	-	8,821,982
Machinery, furniture, & equip.	2,783,285	2,004,176	211,592	758,957	282,868	-	9,218,441
Infrastructure	42,802,436	-	3,120,032	105,163	135,746	-	-
Construction in progress	265,720	-	366,081	-	-	-	-
Less accumulated depreciation	27,430,975	1,427,064	3,071,496	1,742,056	1,575,347	-	21,319,350
Net property, plant, & equipment	<u>\$ 34,624,089</u>	<u>\$ 847,335</u>	<u>\$ 2,716,775</u>	<u>\$ 1,188,006</u>	<u>\$ 3,356,320</u>	<u>\$ 42,271</u>	<u>\$ 464,741</u>

Depreciation

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities	Business-type Activities
General government:	Water
Governing board & administration	\$1,075,716
Finance	284,609
Public safety & judiciary:	Sanitation
Legal and courts	71,733
Police	216,973
Fire	115,814
Inspection/code enforcement	199,885
Transportation:	Economic development
Street	91,147
Cultural, parks and recreation:	<u>\$2,055,877</u>
Parks & recreation	
Cemetery	
Public services:	
Facilities maintenance	119,623
	<u>\$1,185,562</u>

(E) Long-Term Debt:

The City's long-term is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2022, the long-term debt payable from governmental fund resources consisted of the following:

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

CAPITAL LEASES PAYABLE:

Capital lease purchase of fire engine through Oklahoma Bank and Trust dated January 31, 2019 for the lease of a Pierce 1000 Saber 2nd Generation Custom Pumper Fire Engine totalling \$568,222. Initial payment of \$125,000 on February 1, 2019 and four annual payments of \$120,786.34 beginning February 1, 2020 are required under the lease. Lease matures February 1, 2023.

\$ 116,705

116,705

Business-Type Activities

As of June 30, 2022, the long-term debt payable from enterprise fund resources consisted of the following:

CAPITAL LEASES PAYABLE:

Capital lease purchase of golf carts through the PNC Equipment Finance dated November 14, 2017 for the lease of property totalling \$183,242. Leased equipment attributable to business-type activities includes 30 new golf carts. Monthly payments of \$2,595 are required under the lease beginning January, 2018 with a balloon payment of \$45,000 due in May, 2018. Lease matures April, 2023.

\$ 69,481

Capital lease purchase of 2 John Deere mowers through John Deere Credit Equipment Finance dated April 3, 20 for the lease of property totalling \$103,546. 60 monthly payments of \$1,865 are required under the lease beginning April, 2020 and a final payment of \$1,865 in March, 2025. Lease matures March, 2025.

58,846
\$ 128,327

REVENUE BONDS PAYABLE:

2014 Series Clinton Public Works Authority Utility System and Sales Tax Revenue Bonds original issue amount of \$29,450,000, dated December 1, 2014, issued by Clinton Public Works Authority, secured by utility revenues and pledged sales tax, interest rates from 2.5% to 4.0%, final maturity on December 1, 2044.

26,975,000

Total revenue bonds payable
Add: unamortized premiums
Net revenue bonds payable

27,730,000
215,272
\$ 26,759,728

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

<u>Type of Debt</u>	<u>Balance at July 1, 2021</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Fund Debt:					
Capital leases payable	\$ 229,330	\$ -	\$ 112,625	\$ 116,705	\$ 116,705
Total governmental fund debt	<u>\$ 229,330</u>	<u>\$ -</u>	<u>\$ 112,625</u>	<u>\$ 116,705</u>	<u>\$ 116,705</u>
Enterprise Fund Debt:					
Capital lease payable	\$ 176,479	\$ -	\$ 48,152	\$ 128,327	\$ 90,284
Revenue bonds payable	27,730,000	-	755,000	26,975,000	775,000
Total enterprise fund debt	<u>\$ 27,906,479</u>	<u>\$ -</u>	<u>\$ 803,152</u>	<u>\$ 27,103,327</u>	<u>\$ 865,284</u>

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2022 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities			
	Leases Payable		Notes and Leases Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 116,705	\$ 4,128	\$ 90,284	\$ 3,195	\$ 775,000	\$ 976,481
2024	-	-	21,478	904	805,000	944,881
2025	-	-	16,566	222	840,000	911,981
2026	-	-	-	-	870,000	884,306
2027	-	-	-	-	895,000	861,684
2028-2032	-	-	-	-	4,875,000	3,887,197
2033-2037	-	-	-	-	5,855,000	2,866,744
2033-2042	-	-	-	-	7,120,000	1,584,047
2043-2044	-	-	-	-	4,940,000	272,781
Totals	\$ 116,705	\$ 4,128	\$ 128,328	\$ 4,321	\$ 26,975,000	\$ 13,190,102

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

(F) **Interfund Transactions and Balances:**

Operating transfers for the year ended June 30, 2022 were as follows:

<u>OPERATING TRANSFERS:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND:		
Capital Projects	\$ -	\$ 37,908
Public Works Authority (an enterprise fund)	3,304,195	2,675,745
Airport Authority (an enterprise fund)	-	100,000
Recreation Authority (an enterprise fund)	-	200,000
Industrial Authority (an enterprise fund)	-	313,298
Economic Development Authority (an enterprise fund)	-	33,980
Total General Fund	3,304,195	3,360,931
SPECIAL REVENUE FUNDS:		
<i>4th Cent Sales Tax:</i>		
Public Works Authority (an enterprise fund)	-	1,181,177
Clinton Industrial Authority (an enterprise fund)	-	2,000
Economic Development Authority (an enterprise fund)	-	50,000
Total Special Revenue Fund	-	1,233,177
CAPITAL PROJECTS FUND:		
General Fund	37,908	-
Public Works Authority	1,000,000	1,337,872
Clinton Airport Authority	-	16,900
Recreation Authority (an enterprise fund)	-	105,934
Economic Development Authority (an enterprise fund)	-	16,990
Total Capital Project Funds	1,037,908	1,477,696
ENTERPRISE FUNDS:		
<i>Clinton Public Works Authority:</i>		
General Fund	2,675,745	3,304,195
Capital Projects Fund	1,337,872	1,000,000
4 th Cent Sales Tax Fund (a special revenue fund)	1,181,177	-
<i>Clinton Airport Authority:</i>		
General Fund	100,000	-
Capital Projects Fund	16,900	-
<i>Clinton Recreation Authority:</i>		
General Fund	200,000	-
Capital Projects Fund	105,934	-
<i>Clinton Industrial Authority:</i>		
General Fund	313,298	-
4 th Cent Sales Tax Fund (a special revenue fund)	2,000	-
<i>Clinton Economic Development Authority:</i>		
General Fund	33,980	-
Capital Projects Fund	16,990	-
4 th Cent Sales Tax Fund (a special revenue fund)	50,000	-
Total Enterprise Funds	6,033,896	4,304,195
GRAND TOTAL	\$ 10,375,999	\$ 10,375,999

(G) Fund Equity:

Retained Earnings Reserves

The retained earnings of the enterprise funds and internal service funds are reserved for debt retirements and loan disbursements related to the various revenue bond issues. Reserves at June 30, 2022 are as follows:

	Reserved For Debt Service	Reserved Hospital Lease Funds	Total
Enterprise Funds:			
Public Works Authority	\$ 1,673,271	\$ -	\$ 1,673,271
Hospital Authority	-	8,331,250	8,331,250
Total Enterprise Fund	\$ 1,673,271	\$ 8,331,250	\$ 10,004,521

NOTE 4: OTHER NOTES

A. Employee Pension and Other Benefit Plans:

The City participates in four employee pension systems as follows:

Name of Plan/System	Type of Plan
Oklahoma Municipal Retirement Fund (OMRF - DBP)	Agent Multiple Employer - Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OMRF-DCP)	Agent Multiple Employer - Defined Contribution Plan

Oklahoma Municipal Retirement Fund - Defined Contribution Plans

The City has provided a defined contribution plan with the Oklahoma Municipal Retirement Fund. The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the city council. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after 7 years of service. The City is currently contributing to an elective defined contribution plan. Under the Trust Money Purchase Pension plan, the participants may contribute any percentage of their compensation and the city contributes 6% of compensation for participating employees. This percentage can vary from year to year. Participants are permitted to make voluntary deductible contributions to the plan.

For the year ended June 30, 2022, the following amounts related to the defined contribution plan:

City total payroll	\$3,902,181
Payroll for covered employees	\$2,059,192
Employer (City) contributions made	\$89,459

CMO Plan Description and Funding Policy – The City has also provided a defined contribution plan and trust known as the City of Clinton City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The employee contributes 0% to the plan and the employer makes a 6.0% contribution to the fund. Contributions to the plan for the year ended June 30, 2022 were \$7,152 on a covered payroll of \$119,206.

Oklahoma Municipal Retirement Fund- Defined Benefit Plan

Plan Description

Substantially all of the City's full-time employees, except police and firefighters, participate in a defined benefit pension plan adopted by the City and administered by the Oklahoma Municipal Retirement System (OMRF), which was established to administer pension plans for municipal employees. OMRF issues a publically available financial report that can be obtained at www.okmrf.org.

Benefits Provided

OMRF provides retirement, disability, and death benefits. Retirement benefits are determined as 3 percent of the employee's final average compensation multiplied by the employee's years of service; final average compensation is the average of the 5 highest consecutive years of salaries out of the last 10 years of service. Vesting requires 7 years of service. Members are eligible for normal retirement at age 65 with 7 years of vested

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

service. The benefit is payable immediately. Early retirement is available after age 55 with 7 years of vested service. Early retirement benefits are paid at the normal retirement age, or reduced 5% per year for commencement prior to the normal retirement age.

Disability retirement is provided for member's total and permanent disability after 7 or more years of service. The accrued benefit is payable upon disablement without reduction for early payment.

In-service death benefits are payable after vesting at 50% of the accrued benefit until the death of the spouse or remarriage. If the member was not vested at the time of in-service death, member contributions are returned, if any, with interest.

Contributions

Required contribution rates are actuarially measured each year and authorized through City Ordinance. Employees are required to contribute 5.25% of paid salary. For the year ended June 30, 2022, the City's contribution was 9.56%. Contributions to the pension plan from the City were \$205,799 for the year ended June 30, 2022.

Membership

Membership in the plan is as follows:

	As of July 1, 2021
Inactive employees & beneficiaries receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	19
Active participants	50
Total	107

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPRRS

At June 30, 2022, the City reported an asset of \$3,163,447 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined.

Changes to the actuarial valuation between the measurement date of the net pension liability and the City's reporting dates are not expected to have a significant effect on the net pension liability.

For the year ended June 30, 2021, the City recognized pension expense of (\$363,303). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 68,153	\$ 137,967
Changes of assumptions	48,667	-
Net difference between projected and actual earnings on pension plan investments	312,073	2,216,913
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	205,799	-
Total	\$ 634,692	\$ 2,354,880

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (432,884)
2024	(458,906)
2025	(479,969)
2026	(554,228)
2027	-
After	-
	\$ (1,925,987)

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

Actuarial assumptions: The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.5% to 7.5%
Investment rate of return	7.5 percent, net of pension plan investment expense and inflation

Mortality rates were based on the PubG-2010 with projected mortality improvement. Valuation rates are projected for mortality improvement by the Society of Actuaries' table AA based upon the employee's year of birth.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period ended July 1, 2016 through June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2016 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks - S&P 500	25%	5.80%	1.45%
Small/mid cap stocks - Russell 2500	10%	6.40%	0.64%
Long/short equity - MSCI ACWI	10%	5.00%	0.50%
International stocks - MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate - NCREIF	5%	4.60%	0.23%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	<u>2.75%</u>
		Long term expected return	<u><u>7.50%</u></u>

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent, as the plan's net fiduciary position is projected to be sufficient to make projected benefit payments. The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of the member's working career. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, in accordance with paragraph 29, the evaluations required by paragraph 27 to determine the sufficiency pension plan assets can be made without a separate projection of cashflows.

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at July 1, 2020	13,547,167	13,861,117	(313,950)
Changes for the year:			
Service cost	335,835	-	335,835
Interest	993,308	-	993,308
Differences between expected and actual experience	(132,044)	-	(132,044)
Assumption changes	-	-	-
Contributions - employer	-	167,470	(167,470)
Contributions - employee	-	110,098	(110,098)
Net investment income	-	3,797,180	(3,797,180)
Benefit payments, including refunds of employee contributions	(617,271)	(617,271)	-
Administrative expense	-	(28,152)	28,152
Net changes	<u>579,828</u>	<u>3,429,325</u>	<u>(2,849,497)</u>
Balances at July 1, 2021	<u>\$ 14,126,995</u>	<u>\$ 17,290,442</u>	<u>\$ (3,163,447)</u>

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	(1,296,074)	(3,163,447)	(4,702,119)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OMRF financial report.

A. Defined Benefit Cost-Sharing, Multiple Employer Pension Plans

Plan Description

The City of Clinton, as the employer, participates in two statewide, cost-sharing, multiple-employer defined benefit plans on behalf of police officers and firefighters.

Under Title 36-312.1 of the State of Oklahoma Statutes, 14% and 34% of taxes collected for insurance premium taxes is allocated and distributed to the Oklahoma Police Pension and Retirement System and the Oklahoma Firefighters Pension Retirement System, respectively. This provides earmarked state taxes to help with the financing burden for the police and fire plans. The expected employer contributions expected to be funded by the State are not considered in the calculations of the net pension asset/liability and related deferred inflows, deferred outflows and pension expense.

The required supplementary information schedules of employer contributions and the schedule of net pension liability (asset) and related ratios immediately following the notes to the financial statements presents certain ten-year trend information for as many years for which information measured in conformity with the requirements of GASB 68 is available. Detailed information about the Oklahoma Police and Firefighter Plans' fiduciary net position is available in the separately issued Oklahoma Police Pension report and the Oklahoma Firefighters Pension report. Copies of these reports may be obtained from the respective state retirement systems; Oklahoma Police Pension and Retirement System, 1001 NW 63rd Street, Suite 305, Oklahoma City OK 73116-7335 (or www.ok.gov/OPPRS), and the Oklahoma Firefighters Pension and Retirement System at 6601 Broadway Extension, Suite 100, Oklahoma City, OK 73116 (or www.ok.gov/fprs).

Benefit Provisions

Police Pension

The police pension plan is administered by agencies of the State of Oklahoma. Benefit provisions for the authority are established by state statute. All full time officers employed by a participating municipality, working more than 25 hours per week or any person undergoing police training to become an

officer with ages not less than 21 years of age or more than 45 years of age when accepting membership may be eligible for benefits. Eligibility for benefits is 20 years credited service to receive 2 1/2% of final average salary multiplied by the years of credited service with a maximum of 30 years considered. Termination benefits are provided if officers have more than 10 years of service, but are not eligible for normal retirement benefits. Benefits are payable when officers would have had 20 years of service at reduced rates. An officer with 20 year of credited service has an additional option to participate in a deferred option plan for a maximum of 5 years is available. There has been no change in benefit terms since the prior measurement date.

Fire Pension

The fire pension plan is administered by agencies of the State of Oklahoma. Benefit provisions for the authority are established by state statute. All full time or voluntary firefighters of a participating municipality are eligible to participate. Eligibility for full time benefits is 20 years of credited service for those hired prior to November 1, 2013, and 22 years of credited service for those hired after November 1, 2013 and age 50. Paid firefighters receive a monthly benefit equal to 50% of final average compensation. A firefighter with 20 years of credited service has an additional option to participate in a deferred option plan for maximum of 5 years. There has been no change in benefit terms since the prior measurement date.

Contributions

Police Pension

Contribution requirements are established by state statute. As of June 30, 2021, the Plan member's contribution rate was 8% of covered payroll. The employer contributes 13% of covered payroll.

Fire Pension

Contribution requirements are established by state statute. As of June 30, 2021, the Plan member's contribution rate was 9% of covered payroll. The employer contributes 14% of covered payroll.

Net Pension Asset (Liability), Pension Expense and Deferred Outflows and Inflows of Resources
Proportionate Share

Police Pension

The Police Pension's net pension liability was allocated proportionately to the City of Clinton based on the ratio of the City's actual contributions, relative to the total contributions for the fiscal year ended June 30, 2021. The City's portion for 2021 was 0.2101% compared to 0.2208% for 2020. At June 30, 2022, the City recorded a Police Pension Plan asset of \$1,007,901 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2021. This is reported in governmental activities.

Firefighters Pension

The Firefighters Pension's net pension liability was allocated proportionately to the City of Clinton based on the ratio of the City's actual contributions, relative to the total contributions for the fiscal year ended June 30, 2021. The City's portion for 2021 was 0.182135% compared to 0.184919% for 2020. At June 30, 2021, the City recorded a Firefighters Pension Plan liability of \$1,199,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2021. This is reported in governmental activities.

Pension Expense

	Primary Government	
	<i>Governmental Activities</i>	
Police Pension	Fire Pension	Total
(\$100,893)	\$103,993	\$3,100

Pension Deferred Outflows and Deferred Inflows

Deferred Outflow/(Inflows) of resources represents the following items that have not been recognized in the pension expense:

1. Differences between expected and actual experience of the pension plan
2. Changes in assumptions
3. Difference between projected and actual experience of the pension plan

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in pension plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

	Primary Government					
	<i>Governmental Activities</i>					
	Police Pension		Fire Pension		Total	Total
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Current year contributions- Employer	\$ 83,551	\$ -	\$ 82,598	\$ -	\$ 166,149	\$ -
Difference between expected and actual pension plan experience	14,471	39,782	435,025	21,065	449,496	60,847
Investment projected vs actual	246,602	981,831	117,955	1,071,492	364,557	2,053,323
Changes in assumptions	15,327	-	-	26,604	15,327	26,604
Changes in proportion and differences between employer contributions and proportion share of contributions	-	-	-	-	-	-
Total	\$ 359,951	\$ 1,021,613	\$ 635,578	\$ 1,119,161	\$ 995,529	\$ 2,140,774

Actuarial Assumptions

	Police Pension	Firefighters Pension
Valuation date	7/1/21	7/1/21
Price inflation	3.5%	2.75%
Wage inflation	3.5% - 12%	2.75%
Salary increases	3.5% to 12% average, including inflation	2.75% to 10.5% average, including inflation
Post Retirement COLA	1/3 to 1/2 of the base salary increase of 3.5%	Firefighters with 20 yrs of service as of May 26, 1983, receive and increase of 1/2 of the dollar amount of a 2.75% assumed increase in pay
Investment rate of return	7.5%	7.5%

Police Pension

Mortality rates were based on the RP-2000 with Blue Collar Healthy Combined Annuitant Mortality Table for males or females, as appropriate, with adjustments for generational mortality improvements based on Scale AA with age set back four years.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for July 1, 2012 through June 30, 2017.

Fire Pension

Mortality rates were based on the Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

Police Pension

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. There were no changes in the discount rate during the year.

Firefighters Pension

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that the Firefighters Pension contributions will continue to follow the current funding policy. Total covered employee payroll is assumed to grow at 3.5% per year. The total statewide insurance premium tax is assumed to grow at 2.75% per year. In addition, the allocation of the tax to the System is assumed to be 36% for the entire projection period. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.5%

CITY OF CLINTON, OKLAHOMA
Notes to Financial Statements
June 30, 2022

was applied to all periods of projected benefit payments to determine the total pension liability. There were no changes in the discount rate during the year.

Long-term Expected Rate of Return and Target Allocations

Police Pension

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

Firefighters Pension

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation.

<u>Police Pension</u>	<u>Long-term Expected Rate of Return</u>	<u>Firefighters Pension</u>	<u>Long-term Expected Rate of Return</u>
Fixed income	3.22%	Fixed income	3.53%
Domestic equity	4.55%	Domestic equity	5.73%
International equity	8.5%	International equity	8.50%
Real estate	7.97%	Real estate	7.97%
Private equity	9.36%	Other assets	4.73%
	<u>Target Allocation</u>		<u>Target Allocation</u>
US Large Cap Equity	15.00%	Equity	62.00%
Long/Short Equity	15.00%	Fixed Income	20.00%
Private Equity	10.00%	Real Estate	18.00%
US Small/Mid Cap Equity	5.00%		
Emerging Markets Equity	5.00%		
International Dev Mkts Equity	10.00%		
Commodities	5.00%		
Opportunistic real estate	5.00%		
Core real estate	5.00%		
Absolute return	7.50%		
Multi-sector fixed income	7.50%		
Core bonds	10.00%		

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate allocation of what the total pension liability of the Police Pension and Firefighters Pension would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate and the resulting net pension asset (liability):

	<u>Rate</u>	<u>Police Pension Net Pension Asset(Liability)</u>	<u>Rate</u>	<u>Firefighters Pension Net Pension Asset(Liability)</u>
1% decrease	6.5%	377,993	6.5%	(1,874,436)
Current single discount rate	7.5%	1,007,901	7.5%	(1,199,483)
1% increase	8.5%	1,540,535	8.5%	(634,404)

Other Post-Employment Benefits

For the year ended June 30, 2022, the City provided no post-employment benefits (other than pension) to terminated employees.

(B) Commitments and Contingencies:

Litigation

The City is a party to various legal proceedings which normally occur in the course of government operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Clinton Regional Hospital Lease

On January 1, 1998, the Clinton Hospital Authority leased Clinton Regional Hospital to Baptist Health Care of Oklahoma, Inc. (Integris) for an initial term of twenty (20) years beginning January 1, 1998 to, and including, December 31, 2017. The lease terms called for an initial payment of \$6 million by Integris and annual payments of \$125,000 beginning January 1, 1999 and \$150,000 beginning January 1, 2010. This lease was terminated on March 31, 2012.

On April 1, 2012, the Clinton Hospital Authority leased Clinton Regional Hospital to Clinton HMA, LLC dba Integris Regional Hospital for a term beginning on April 1, 2012 and shall expire on December 31, 2017 with an option to extend the term of the lease for 3 consecutive 5 year terms on the same terms and conditions applicable to the initial term. The lease terms call for annual rent of \$125,000.04 payable in equal monthly installments of \$10,416.67. The lease grants the tenant the option after the 4th year of the initial term of the lease to purchase the hospital premises for a price equal to the fair market value as determined by an appraiser. Clinton HMA LLC exercised its first option for a renewal term which will commence on January 1, 2018 and expire on December 31, 2023 for an annual rent of \$118,375.04 payable in equal monthly installments of \$9,864.59. Provided that the Tenant provides outpatient chemotherapy services (the "Incentive Services") as a part of Tenant's permitted use, Landlord agrees to abate Tenant's obligation to pay \$60,000.00 of Base Rent per year during the Term, as Extended, (the "Free Rent"). If Tenant discontinues the Incentive Services for a period longer than one year and efforts are no longer being made by Tenant to reinstate the Incentive Services, the Free Rent shall cease and Tenant shall continue to pay Base Rent at the rate of \$118,375.04 per annum.

On October 6, 2022 Clinton HMA LLC notified the Authority that "due to market changes" they will not renew the lease agreement that expires on December 31, 2022. The City of Clinton and Clinton Hospital Authority are working diligently to secure a new operator or manager to maintain hospital operations and retain employees.

Conduit Debt- Clinton Public Works Authority Educational Facilities Lease Revenue Bonds (Clinton Public Schools Project) Series 2022

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2022
Budget and Actual (Non-GAAP Budgetary Basis)

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales taxes	\$ 2,904,000	\$ 413,000	\$ 3,317,000	\$ 3,411,574	\$ 94,574
Use taxes	780,000	-	780,000	896,013	116,013
Hotel/motel taxes	210,000	70,000	280,000	313,298	33,298
E911 taxes	100,000	-	100,000	100,020	20
Franchise taxes	310,000	-	310,000	398,708	88,708
Cigarette taxes	43,000	-	43,000	48,404	5,404
Licenses and permits	55,000	-	55,000	64,165	9,165
Oil & gas royalties	15,000	-	15,000	33,173	18,173
Fines and forfeitures	82,000	-	82,000	61,231	(20,769)
Investment income	20,000	-	20,000	29,093	9,093
Charges for services	167,150	-	167,150	267,194	100,044
Rental income	18,000	-	18,000	21,362	3,362
Intergovernmental	190,500	-	190,500	235,341	44,841
Intracity fees	670,465	-	670,465	670,895	430
Miscellaneous	21,600	-	21,600	76,340	54,740
Total revenues before carryover	5,586,715	483,000	6,069,715	6,626,811	557,096
Budgeted carryover (1)	4,888,998	-	4,888,998	5,462,502	573,504
Total revenues and budgeted carryover	10,475,713	483,000	10,958,713	12,089,313	1,130,600
EXPENDITURES					
Current:					
General government:					
Governing board and administration					
Personal services	478,162	-	478,162	427,416	50,746
Materials & supplies	8,250	-	8,250	9,335	(1,085)
Other services & charges	489,164	-	489,164	442,741	46,423
Finance					
Personal services	297,882	12,000	309,882	301,354	8,528
Materials & supplies	4,600	-	4,600	3,064	1,536
Other services & charges	78,713	2,000	80,713	83,656	(2,943)
Total general government	1,356,771	14,000	1,370,771	1,267,566	103,205
Public safety and judiciary:					
Legal and courts					
Personal services	158,461	-	158,461	132,257	26,204
Materials & supplies	1,600	-	1,600	392	1,208
Other services & charges	4,590	-	4,590	1,726	2,864
Police					
Personal services	1,754,843	-	1,754,843	1,664,830	90,013
Materials & supplies	71,750	-	71,750	74,233	(2,483)
Other services & charges	45,761	-	45,761	35,449	10,312
Fire					
Personal services	924,267	-	924,267	922,208	2,059
Materials & supplies	81,900	14,000	95,900	88,225	7,675
Other services & charges	66,375	5,000	71,375	56,184	15,191
Inspection/code enforcement					
Personal services	68,901	-	68,901	66,527	2,374
Materials & supplies	4,000	-	4,000	3,111	889
Other services & charges	227,600	(76,045)	151,555	28,041	123,514
Total public safety and judiciary	3,410,048	(57,045)	3,353,003	3,073,183	279,820
Transportation:					
Street					
Personal services	223,916	-	223,916	191,388	32,528
Materials & supplies	75,750	-	75,750	50,361	25,389
Other services & charges	161,800	-	161,800	154,354	7,446
Total transportation	461,466	-	461,466	396,103	65,363
Cultural, parks and recreation:					
Parks and recreation					
Personal services	325,912	-	325,912	268,136	57,776
Materials & supplies	170,700	-	170,700	100,135	70,565
Other services & charges	187,020	-	187,020	160,575	26,445
Cemetery					
Personal services	116,792	-	116,792	88,801	27,991
Materials & supplies	18,500	-	18,500	15,352	3,148
Other services & charges	9,050	-	9,050	1,056	7,994
Total cultural, parks and recreation	827,974	-	827,974	634,055	193,919

City of Clinton, Oklahoma
General Fund
For the Year Ended June 30, 2022
Budget and Actual (Non-GAAP Budgetary Basis)

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Public Services:					
Facilities maintenance					
Personal services	87,868	-	87,868	77,345	10,523
Materials & supplies	41,250	-	41,250	51,497	(10,247)
Other services & charges	225,900	-	225,900	203,455	22,445
Total public services	<u>355,018</u>	<u>-</u>	<u>355,018</u>	<u>332,297</u>	<u>22,721</u>
Total expenditures	<u>6,411,277</u>	<u>(43,045)</u>	<u>6,368,232</u>	<u>5,703,204</u>	<u>665,028</u>
Revenue over (under) expenditures	4,064,436	526,045	4,590,481	6,386,109	1,795,628
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	3,200,320	-	3,200,320	3,304,195	103,875
Operating transfers out	<u>(2,835,000)</u>	<u>(526,045)</u>	<u>(3,361,045)</u>	<u>(3,360,931)</u>	<u>114</u>
Net other financing sources (uses)	<u>365,320</u>	<u>(526,045)</u>	<u>(160,725)</u>	<u>(56,736)</u>	<u>103,989</u>
Revenues and other financing sources over (under) expenditures and other uses	4,429,756	-	4,429,756	6,329,373	1,899,617
Fund balance at beginning of year (Non-GAAP budgetary basis)	1,553,309	-	1,553,309	5,462,504	3,909,195
Less budgeted carryover (1)	<u>(4,888,998)</u>	<u>-</u>	<u>(4,888,998)</u>	<u>(5,462,502)</u>	<u>(573,504)</u>
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 1,094,067</u>	<u>\$ -</u>	<u>\$ 1,094,067</u>	<u>\$ 6,329,375</u>	<u>\$ 5,235,308</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(21,495)	
Expenditure and transfer accruals				181,326	
Fund balance at end of year (GAAP basis)				<u>\$ 6,489,206</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

Oklahoma Police Pension Retirement Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Valuation date	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Proportionate share	0.2101%	0.2208%	0.1866%	0.1797%	0.2052%	0.2178%	0.2189%	0.2422%
Proportionate share of the net pension liability (asset)	(1,007,883)	253,578	(11,913)	(85,600)	15,784	333,548	8,925	(81,546)
Proportionate share of the net pension liability (asset) of the State and other municipalities	<u>(478,708,117)</u>	<u>114,591,422</u>	<u>(6,372,087)</u>	<u>(47,549,400)</u>	<u>7,676,216</u>	<u>152,810,452</u>	<u>4,068,075</u>	<u>(33,587,454)</u>
Total plan net pension liability (asset)	<u>(479,716,000)</u>	<u>114,845,000</u>	<u>(6,384,000)</u>	<u>(47,635,000)</u>	<u>7,692,000</u>	<u>153,144,000</u>	<u>4,077,000</u>	<u>(33,669,000)</u>
Plan fiduciary net position as a percentage of the total pension liability	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%
Covered payroll	717,653	751,162	605,073	554,790	613,817	645,577	646,427	701,174
Plan net pension liability as a percentage of covered payroll	-140.44%	33.76%	-1.97%	-15.43%	2.57%	51.67%	1.38%	-11.63%
Schedule of Employer Contributions for Cost Sharing Plans (4):								
Contractually Required Contribution (CRC) (5)	94,518	96,131	78,896	71,262	79,543	83,482	80,427	88,084
Contributions in Relation to CRC (6)	<u>94,518</u>	<u>96,131</u>	<u>78,896</u>	<u>71,262</u>	<u>79,543</u>	<u>83,482</u>	<u>80,427</u>	<u>88,084</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	<u>727,062</u>	<u>739,469</u>	<u>606,892</u>	<u>548,169</u>	<u>611,869</u>	<u>642,169</u>	<u>618,669</u>	<u>677,569</u>
Contributions as a percentage of covered payroll	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>

(1) Amounts presented above represent the City's proportionate share presented in Note 4A

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

(3) The proportionate share percentages is rounded for the annual financial report so amount may vary from actuals

(4) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated

(5) Contractually required contribution amounts presented do not include amounts provided by the State of Oklahoma

City of Clinton, Oklahoma
Schedules of Required Supplementary Information

Oklahoma Fire Pension Retirement Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Valuation date	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Proportionate share	0.182135%	0.184919%	0.178638%	0.153748%	0.174741%	0.190657%	0.200091%	0.212605%
Proportionate share of the net pension liability (asset)	1,199,480	2,278,042	1,887,607	1,730,659	2,197,759	2,329,284	2,123,782	2,186,319
Proportionate share of the net pension liability (asset) of the State and other municipalities	<u>657,367,007</u>	<u>1,229,635,253</u>	<u>1,054,778,396</u>	<u>1,123,915,772</u>	<u>1,255,525,892</u>	<u>1,219,385,223</u>	<u>1,059,284,467</u>	<u>1,026,161,524</u>
Total plan net pension liability (asset)	<u>658,566,487</u>	<u>1,231,913,295</u>	<u>1,056,666,003</u>	<u>1,125,646,431</u>	<u>1,257,723,651</u>	<u>1,221,714,507</u>	<u>1,061,408,249</u>	<u>1,028,347,843</u>
Plan fiduciary net position as a percentage of the total pension liability	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
Covered payroll	570,712	588,915	549,731	465,996	498,140	521,678	541,318	577,376
Plan net pension liability as a percentage of covered payroll	210.17%	386.82%	343.37%	371.39%	441.19%	446.50%	392.34%	378.66%
Schedule of Employer Contributions for Cost Sharing Plans (4):								
Contractually Required Contribution (CRC) (5)	82,835	83,101	77,339	64,019	69,535	74,663	76,537	79,461
Contributions in Relation to CRC (6)	<u>82,835</u>	<u>83,101</u>	<u>77,339</u>	<u>64,019</u>	<u>69,535</u>	<u>74,663</u>	<u>76,537</u>	<u>79,461</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	591,679	593,579	552,421	457,279	496,679	533,307	546,693	567,579
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Amounts presented above represent the City's proportionate share presented in Note 4A

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

(3) The proportionate share percentages is rounded for the annual financial report so amount may vary from actuals

(4) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated

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City of Clinton, Oklahoma
Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Oklahoma Municipal Retirement Fund								
	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>
Total pension liability								
Service cost	\$ 335,835	\$ 301,023	\$ 271,846	\$ 282,813	\$ 358,958	\$ 360,214	\$ 345,244	\$ 318,193
Interest	993,308	933,037	892,781	873,414	860,704	833,517	785,489	766,152
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(132,044)	156,092	(304,943)	(275,598)	(263,677)	(297,969)	(17,699)	-
Changes in assumptions	-	-	334,944	-	115,255	-	-	-
Benefit payments, including refunds of employee contributions	(617,271)	(556,880)	(755,301)	(494,217)	(567,299)	(523,446)	(464,280)	(567,102)
Net change in total pension liability	\$ 579,828	\$ 833,272	\$ 439,327	\$ 386,412	\$ 503,941	\$ 372,316	\$ 648,754	\$ 517,243
Total pension liability - beginning	13,547,167	12,713,895	12,274,568	11,888,156	11,384,215	11,011,899	10,363,145	9,845,902
Total pension liability - ending (a)	<u>\$14,126,995</u>	<u>\$13,547,167</u>	<u>\$12,713,895</u>	<u>\$12,274,568</u>	<u>\$11,888,156</u>	<u>\$11,384,215</u>	<u>\$11,011,899</u>	<u>\$10,363,145</u>
Plan fiduciary net position								
Contributions - employer	167,470	126,817	155,073	178,161	219,501	238,073	260,465	299,965
Contributions - employee	110,098	112,466	108,119	100,574	115,049	123,819	125,312	127,630
Net investment income	3,797,180	555,397	885,435	926,757	1,399,382	100,472	315,533	1,614,704
Benefit payments, including refunds of employee contributions	(617,271)	(556,880)	(755,301)	(494,217)	(567,299)	(523,446)	(464,280)	(567,102)
Administrative expense	(28,152)	(28,605)	(27,056)	(25,987)	(24,537)	(22,729)	(23,471)	(23,876)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	3,429,325	209,195	366,270	685,288	1,142,096	(83,811)	213,559	1,451,321
Plan fiduciary net position - beginning	13,861,117	13,651,922	13,285,652	12,600,364	11,458,268	11,542,079	11,328,520	9,877,199
Plan fiduciary net position - ending (b)	<u>\$17,290,442</u>	<u>\$13,861,117</u>	<u>\$13,651,922</u>	<u>\$13,285,652</u>	<u>\$12,600,364</u>	<u>\$11,458,268</u>	<u>\$11,542,079</u>	<u>\$11,328,520</u>
City's net pension liability - ending (a) - (b)	<u>\$ (3,163,447)</u>	<u>\$ (313,950)</u>	<u>\$ (938,027)</u>	<u>\$ (1,011,084)</u>	<u>\$ (712,208)</u>	<u>\$ (74,053)</u>	<u>\$ (530,180)</u>	<u>\$ (965,375)</u>
Plan fiduciary net position as a percentage of the total pension liability	122.39%	102.32%	107.38%	108.24%	105.99%	100.65%	104.81%	109.32%
Covered-employee payroll	\$ 2,027,676	\$ 2,117,606	\$ 1,962,487	\$ 1,911,721	\$ 1,895,524	\$ 2,240,881	\$ 2,246,744	\$ 2,191,279
City's net pension liability as a percentage of covered-employee payroll	-156.01%	-14.83%	-47.80%	-52.89%	-37.57%	-3.30%	-23.60%	-44.06%
Schedule of Employer Contributions for Cost Sharing Plans (4):								
Contractually Required Contribution (CRC) (5)	167,470	126,817	155,073	178,161	219,501	238,073	260,465	299,965
Contributions in Relation to CRC (6)	167,470	126,817	155,073	178,161	219,501	238,073	260,465	299,965
Contribution deficiency	-	-	-	-	-	-	-	-
Covered payroll	2,027,676	2,117,606	1,962,487	1,911,721	1,895,524	2,240,881	2,246,744	2,191,279
Contributions as a percentage of covered payroll	8.26%	5.99%	7.90%	9.32%	11.58%	10.62%	11.59%	13.69%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council
City of Clinton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Clinton, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Clinton, Oklahoma's basic financial statements, and have issued our report thereon dated December 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Clinton, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Clinton, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
December 14, 2022